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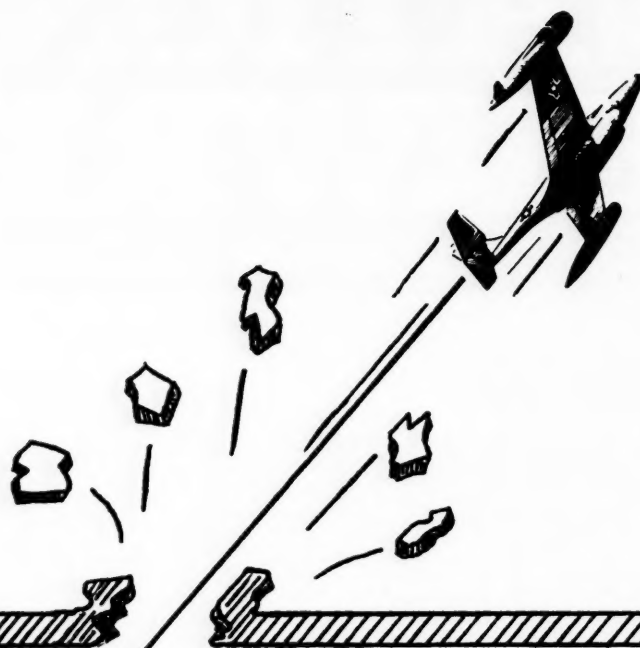
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1. Fully Paid-Up Provision: If the Insured dies while the basic policy and the insurance on either the wife or children, or both, is in full force, and before all premiums required for the Family Term Rider have been paid, no further premiums will be required therefor.
2. Waiver of Premium: If The Manhattan Life Policy contains the Waiver of Premium Provision (total and permanent disability prior to age 60) and premiums on basic policy are waived, all premiums on the Family Term Rider will also be waived, during continuance of the defined disability.
3. Dividends: The Family Term Rider is participating.
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 - 2.) Term Insurance until Age 60 (at any age 18 to 39)
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FRIDAY, NOVEMBER 30, 1956



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If you want to rise to new heights—to show what you can do on increased production and greater income . . . check with Central Standard.

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INSURANCE COMPANY

211 W. Wacker Drive

Chicago 6

Brown Tells House Group Why NALU Opposes Bank-Loan

Calls Something for Nothing Feature Only Real Appeal of Plan

As reported in a late news bulletin in last week's issue, Gerard S. Brown, Penn. Mutual, Chicago, a member and until recently chairman of the federal law and legislation committee of National Assn. of Life Underwriters, told the Mills subcommittee of the House ways and means committee of NALU's agreement with the principle of the legislation desired by the Treasury to curb what the Treasury calls the "special advantage" of life insurance bought on the bank-loan plan. Following is an abridged version of Mr. Brown's testimony leading up to his statement of NALU's accord with Treasury's aims:

For many years, my association has publicly denounced the sale of life insurance and annuity contracts on the so-called "bank-loan plan." Under such an arrangement, it is contemplated that the purchaser will pay for all, or substantially all, of his premiums by means of loans obtained from a bank or the issuing company against the cash or loan value of his contract, with no plan for liquidating the indebtedness thus incurred.

Where the premiums are paid and the funds therefore borrowed annually, the policyholder may deduct the interest paid on the policy loans for income tax purposes. If interest rates are low enough and the taxpayer is in a high enough tax bracket, he may get a constantly decreasing amount of life insurance protection at little or no actual net cost to himself.

It is this "something for nothing" feature, made possible by the present loophole in section 264 of the code, that give the bank-loan plan its principal and only real appeal to buyers of life insurance. Dazzled by such an attractive-sounding "gimmick," an individual tends to buy his insurance with his eye more on the expected favorable tax consequences than on his true need for the insurance. Consequently, he is apt to buy life insurance in amounts and/or on plans which he would not otherwise buy and which do not best meet his real insurance needs.

For example, take the case of young men who are on their way up in the business world. Proponents of the bank loan plan will often be heard to argue that the plan provides such individuals with the most satisfactory means of obtaining, with small outlay, large amounts of low net cost insurance protection which they could not otherwise afford. I have personally analyzed a number of such proposals and have found that, except possibly in cases involving individuals in high income tax brackets, the purchasers would have been better off had they origin-

(CONTINUED ON PAGE 3)

GREENWOOD CLAIMS:

Great Southern, NW Nat'l. Merger Would Benefit Insured

MINNEAPOLIS—Merger of the Northwestern National Life of Minneapolis with the Great Southern Life of Houston would be in the interest of Northwestern policyholders, said a statement issued by Pat M. Greenwood, president of the Texas company.

The primary interests of the Northwestern management are not the life insurance business, Mr. Greenwood said, and the merger of the two companies would serve the Northwestern policyholders best "because it might forestall someone else from purchasing control of Northwestern National whose interest is promotional rather than preservation of Northwestern National's assets for the protection of the policyholders."

Directors and officials of Northwestern National are opposing sale of the company to Great Southern at \$103.50 a share.

"We think we have made a very fair offer," Mr. Greenwood said. "This price was arrived at after a careful analysis of Northwestern's financial position and strength, after a thorough study of its expense pattern, and after giving consideration to valuation of all its assets and credence to a potential appreciation in the value of the stock over a reasonable period of years."

Philadelphia Leads Cities in Ordinary Sale Gain for Month

Philadelphia led the large cities in percentage increase in ordinary sales in October with 36% while Cleveland led in the first 10 months with 22%, according to LIAMA.

The eight largest cities and their percentage increases in October and the first 10 months, respectively are Boston, 12 and 7; Chicago, 17 and 11; Cleveland 25 and 22; Detroit, 19 and 8; Los Angeles, 23 and 13; New York, 30 and 12; Philadelphia, 36 and 13, and St. Louis, 34, and 13.

List Events for LIA Golden Anniversary Dec. 12-13 at N. Y.

"Where Will Tomorrow's Leaders Come From?" will be the subject of a panel discussion at the 50th annual meeting of Life Insurance Assn. of American at the Waldorf-Astoria hotel, New York City, Dec. 12-13.

Moderated by Lyman Bryson of radio and television, the symposium, set for the morning of the second day, will have as participants Thomas A. Bradshaw, president of Provident Mutual; Horace W. Brower, president of Occidental of California; Roy E. Larsen, president of Time, Inc., and Walter E. Wheeler, president of Pitney-Bowes, Inc.

That afternoon, Thursday, golden jubilee greetings from a neighboring country will be conveyed by James Muir, president of Royal Bank of Canada, and W. Randolph Burgess, undersecretary of the treasury, will talk on "Capital Supply and Demand."

The first day of the meeting will include in the morning a review and a prospectus by business and government officials as the association enters its second half-century. LIA's president, Edmund Fitzgerald, president of Northwestern Mutual, will open the session with a talk, "Fifty Years of Experience for Tomorrow." Insurance superintendent Holz of New York will bring greetings from the insurance department. A summing up will be presented by Claris Adams, executive vice-president and general counsel of American Life Convention.

The luncheon speaker the first day will be Albert Conway, chief judge of the New York court of appeals, who was New York superintendent of insurance 1929-30. That afternoon the life insurance executives will hear and engage in a discussion of current problems posed by LIA staff members. They will also hear a talk, "Some Aspects of Competition," by Milton J. Goldberg of Equitable Society, actuary and humorist.

The LIA program committee is James A. McLain, president of Guardian Life, chairman; Richard B. Evans, president of Colonial; and Walter Klem, senior vice-president and actuary of Equitable Society.

Would Bar Age, Conversion Limits for A&S in N. Y.

'Serious Gaps' Found in Available Coverages by Joint Legislative Group

NEW YORK—Legislation to prohibit age limits on medical and hospital benefits in A&S policies and to require insurers to allow individuals to continue their benefit rights after leaving an insured group is being considered by a joint committee of the New York legislature headed by Sen. Metcalf of Auburn.

The committee scheduled a hearing for this week in New York City.

The committee stated that "the results of a study and sweeping inquiry

Donald D. Cody, 2nd vice-president of New York Life, representing American Life Convention, Health Insurance Assn. of America and Life Insurance Assn. of America, told the hearing that the new proposal would increase rather than decrease in health insurance coverage and could retard current A&S progress, that the business has already made great strides towards the reduction of health coverage gaps, and that what the proposed bill contemplates is already being effected in many cases. Retired employees, under an increasing number of management-union agreements and retirement plans, have their health insurance continued for life.

If a level premium system is forced upon the profit-making segment of the business and with competition remaining as sharp as it is today, self-insurance will become the much more feasible alternative, Mr. Cody asserted. The ensuing rate increase that profit-making insurers will have to charge will actually throw them out of competition with the self-insurers, Mr. Cody predicted. The cost of hospital and surgical services for retired employees is as much as 200% over the cost during employment years, he explained. He opined that the old age health insurance problem won't ever be beaten on a voluntary basis.

Representatives of the non-profit plans, endorsed the proposed measure, pending some minor editorial changes.

into the practices of insurance companies and non-profit plans in the field of health insurance in this state," showed "serious gaps in the type of insurance available on an individual and group basis."

The study cited the following "shortcomings" with respect to individual forms of health insurance offered by 11 insurance companies, based on data submitted by the companies:

- "A number of the principal insurance companies can, and some do, cancel or refuse to renew the policies because of excess claims or impaired health."

- "A number of the insurance com-

(CONTINUED ON PAGE 16)

Late News Bulletins . . .

Counter-Offer for Northwestern National Stock

An offer to purchase 15,000 shares of Northwestern National life stock at \$103.50 has been made by First National Bank of Minneapolis and Northwestern National Bank of Minneapolis. The banks are acting for a group which includes President John S. Pillsbury Jr. of Northwestern National Life, some of the directors and a number of Minneapolis citizens.

The Minneapolis offer equals that made Nov. 14 by Dallas Union Securities acting for Great Southern Life. The Great Southern Life offer carried the proviso that it obtain 75% of Northwestern National stock, although it was stated the deal could be carried out for less than 75%. The offer of the group representing Northwestern National is firm for 15,000 at \$103.50 a share and could be for additional shares if the group making the offer is enlarged. The Minneapolis offer has a deadline of Dec. 10 and asked that the stock be deposited in one of the banks making the offer.

Home Office Underwriters Have Successful Meeting at Dallas

The recent annual meeting of Institute of Home Office Underwriters at Dallas drew a noticeably larger audience than usual with attendance well in excess of 300, including underwriters, many guests and a sprinkling of company medical directors, actuaries and other home office officials. Emmett Russell, vice-president of Life & Casualty of Tennessee, as the first president of the 20-year old institute which now numbers over 250 member companies, made the opening remarks.

The program included election of officers and the presentation of a number of well received papers. John F. Duston, Equitable Life of Iowa, was elected president, succeeding C. Edwin Carlson, Continental Assurance. Others elected included T. Bertram Anderson Jr., Connecticut General Life, executive vice-president, and Ira A. Dryden Jr., Amicable Life, vice-president and editor. Charles A. Will, Guardian Life, continues as secretary-treasurer.

Among those presenting papers and the topics of their dissertations are: Dr. E. M. Stevenson, senior medical director of State Farm Life, "Hypertension—The Effect on Underwriting with the Use of Newer Drugs"; Murray Longworth, president of United Benefit Life, "Underwriting—What the Executive Expects from Underwriting," and Frank G. Whitbread, assistant vice-president of Lincoln National Life, "The Interpretation of Mortality Statistics." Another speaker was Walter Gastil, manager at Los Angeles for Connecticut General Life.

In his opening remarks, Mr. Carlson said: "Basically, underwriters must be intelligent and exercise good judgment. They needn't be scholars—probably they are better off being practical. Judgment goes beyond just the approval of risks. It involves plain common sense in all things.

"The underwriters I admire most are those who are not specialists. They are enthusiastic about all things—they like people. They go out of their way to be helpful. The specialist is apt to develop a one-track mind. The underwriter cannot afford to do so. He is neither technician, nor salesman, nor scholar, and yet, he is all. Salesmen like him because he is honest, understanding, and they feel he is looking out for their interests. Management likes him because he is a good influence with the field force and he is protecting the interest of the company."

"The subject that presently intrigues me," Mr. Carlson continued, "is the underwriting education of the agent, particularly the general agent. To merely suggest such a thing a few years would have meant Siberia. The villain would have to be ostracized. Underwriting was a secret. The less an agent knew about it the better. To supply him with underwriting knowledge was like handing him ammunition to be used against the industry.

Mr. Carlson then went on to explain that this attitude has been changed somewhat and commented enthusiastically on the industry's ability to attract higher level agents today, many of them alert men with college educations. "No longer is selling life insurance the last resort job for men who have failed at everything else," he said.

But despite this great enlightenment among agents, Mr. Carlson indicated that one of the greatest reproachments

of the field toward the underwriting department is "our failure to furnish them with information. Primarily, then we should tell them that the family doctor said their applicant had cancer, or the inspection source claimed he was drunk. Giving them the story is not educating them, it is merely appeasing them for loss of a dollar. Educating them in this regard concerns explaining the transmission of confidential information. The well-informed agent frequently knows the nature of the impairment. But he doesn't know its impact on underwriting. How many times have you had inquiries asking on what basis so-and-so was insurable with a blood pressure of 220/110?"

Mr. Carlson said that all companies have underwriting manuals but explained that a book in itself is not enough. "The book states facts, but those facts need interpretation—your interpretation," he said.

Dr. Stevenson gave an exceptionally informative talk on hypertension, and in summarizing it, he emphasized: (1) Hypertension is a very common entity. (2) The cause is unknown but may be related to many factors. (3) It is purely a disease in humans. (4) It is more frequently observed in women. (5) It is tolerated better by women. (6) It causes more disability than that of any other ailment. (7) Any benign hypertension may become severe; any severe hypertension may become malignant. (8) The newer drugs, while controlling the blood pressure levels, do not cure the etiologic factor or cause of hypertension. (9) These drugs produce side effects which can be detected by additional questionnaires, information from the attending physician, specific questioning by the examiner of the applicant with respect to the pressures and to whether drugs are being or have been taken. (10) Our underwriting methods should apply to the individual with an elevation in blood pressure in accordance with the premise that while the blood pressure may be lowered, the cause is not removed. (11) That they be underwritten on the basis of careful scrutiny and judgment, additional information when indicated and with the understanding that we cannot afford to jeopardize our other policyholders or our companies.

Penn Mutual to Pay 18% More in Dividends

Penn Mutual Life has approved an 18% increase in dividends for 1957.

A total of \$19.7 million has been set aside for next year's dividend payments, an increase of \$3 million over the 1956 dollar volume. This was the company's third dividend increase since 1948, the largest in many years.

In addition to the dividend increase, the rate of interest on policy proceeds left with the company will be raised from 3% to 3.15%.

Assn. of Oklahoma Life Companies Elects Morse

Norman A. Morse, president of Home State Life of Oklahoma City, was elected president of the year-old Assn. of Oklahoma Life Insurance Companies. He replaces John Singletary, Globe Life of Oklahoma City.

Other officers are Ralph Reece, Globe Life, vice-president; Richard Trent, Mid-America Life, secretary-treasurer. Other members of the executive committee are Joseph Jarboe,

Commonwealth Life of Tulsa, and Robert Stuart, Mid Continent Life. All are from Oklahoma City except Mr. Jarboe.

Membership in the association is limited to Oklahoma life companies and has as its purpose the promotion of Oklahoma companies throughout the state. The group is currently backing a newly proposed Oklahoma insurance code that the state legislative subcommittee has revised and codified.

Welfare Funds Get Report Forms in N. Y.

The New York department has mailed annual statement and annual report forms to employ welfare plans that are subject to its supervision. This will for the first time provide for public disclosure of the financial condition and significant aspects of welfare plan operations.

The annual statement, a 20 page document, calls for detailed information in such areas as assets and liabilities, income and outgo, investment portfolio and insurance coverage. The reporting form includes eight exhibits, five schedules and several interrogatories.

Welfare funds are requested to disclose their income from loans, bonds, stocks and real estate and their profits and losses on the sale of investments. Outstanding claims and benefit payments are to be summarized by type of benefit. Of particular significance are exhibits requesting an analysis of general expenses, amounts paid for professional services and salaries and allowances paid.

In addition to the annual statement, all welfare funds will be required to submit, on a prescribed form, an "annual report," a condensed summary of the annual statement. Superintendent Leffert Holz is expected to issue regulations governing the distribution of the "annual report" to employees, employers and participating labor organizations. The filing of the annual statement and annual report will represent the first step in the supervision of welfare funds as required by law. The statements after being audited will provide the background data for subsequent visitation and examination of the funds by department examiners.

The department has set up a welfare fund bureau.

250 Hear Estate Planning Expert at Chicago

A. James Casner, professor of law at Harvard university and leading authority on estate planning, drew a turnout of more than 250 life agents, lawyers, bankers and accountants to the Sherman hotel, Chicago, this week for a two-hour lecture on "The Importance of Flexibility in an Estate Plan and the Ways of Attaining It."

He discussed in a very thoroughgoing way the relative merits of the short term trust and the permanent trust from a tax standpoint, pointing out the advantages and disadvantages of each and the necessity for flexibility in such trusts. His lecture on the permanent trust was divided into discussions on the permanent interest trust and the future interest trust.

Mr. Casner's appearance in Chicago was sponsored by Chicago Life Insurance & Trust Council, with Harry R. Schultz as program chairman. The meeting opened at 10 a.m. and was concluded about 1:30 p.m. following a luncheon and question and answer period.

Manhattan Life to Assume Business of Expressmen's Life

Manhattan Life will assume all of the business, assets and liabilities of Expressmen's Mutual Life, effective Dec. 31.

It is contemplated that the entire home office staff of Expressmen's will be employed by Manhattan. Reinsurance agreements have been signed by the respective companies and have been approved by the New York department.

Expressmen's started business in 1869, limiting risks to employees and associates of the Railway Express Agency and their families. It has approximately 48,000 policyholders. Manhattan started business in 1850 and has now more than \$800 million in force. The addition of Expressmen's business will boost Manhattan's assets above \$125 million and raise insurance in force to \$850 million.

Expressmen's directors, in disclosing the move, commented that although the company is in good financial condition, its field of operation is "too limited."

Ia. Commissioner, Two Members of Texas Board to Leave NAIC Ranks

Prospects for a replacement for Commissioner Oliver P. Bennett of Iowa appear more definite with the announcement by the new Democratic governor, Herschel Loveless, that he will call a special session of the legislature. Mr. Bennett was named for an interim appointment in October of 1955 after the death of Charles R. Fischer, who has been reappointed to a four year term effective July 1, 1955. Mr. Bennett's appointment was not confirmed by the legislature, and as a result his term will end 30 days after the legislature convenes Jan. 14.

Indications are that there will be two appointments to the Texas board of insurance commissioners as word circulated that J. Byron Saunders, chairman of the board, will resign to join Republic National Life of Dallas. Morris Brownlee, whose term expires in February, is not expected to be reappointed and is not seeking reappointment.

Mr. Saunders is the chairman of the executive committee of the National Assn. of Insurance Commissioners.

Draft Group Life Plan for Wis. State Employees

Madison, Wis.—Legislation is being drafted for presenting to the Wisconsin legislature under the name of Gov.-Elect Thomson that would set up the first group life insurance program for the benefit of more than 15,000 state government officials and employees. Gov. Thomson said he will ask the legislature to approve a group plan that would give each regular state employee coverage equal to his annual pay. Gov. Thomson said a contributing plan, with the state responsible for half the premium, would cost the state about \$342,000 a year. He said he will propose that the state's contributions in the future be reduced by the amount of dividend earnings under such contracts, but said it also is possible that the legislature may ultimately want to provide A&S group coverage for government workers. If the group plan goes through, it is expected a private insurer will be chosen by competitive bidding.

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Sales Management Is Development of the Salesman, LIAMA Told

Sales management "is not the direction of things, it is the development of salesmen," President Lawrence A. Appley of American Management Assn. told the recent annual meeting of LIAMA in Chicago.

Mr. Appley listed these essentials in sales management:

1. Sales management begins with selection of the salesman. "The sales manager who is not using the best possible means of selection is not living up to his responsibilities."

2. Having selected the candidate, start to develop him in an organized, conscious, formal way. Recommending that no salesman's development be left to chance, Mr. Appley said: "Each human being will be more effective if we help him develop in an organized way."

3. Let the salesman know what he is supposed to do. The speaker recommended that the salesman's duties be put in writing and made perfectly clear.

4. Establish a standard of performance. He urged that the standard "be reasonable for each man according to his locale and conditions of work."

5. Appraise the salesman's performance periodically. "Conduct personal interviews with the salesman," Mr. Appley advised, "and discuss with him his qualifications, strengths and weaknesses." He called this the essence of salesman development and said that these interviews offer the best place for a real relationship to develop between a boss and his salesman.

6. Work out a development program for each salesman to help him grow and improve his skills. He paid tribute to LIAMA's agent development program and several study courses as outstanding examples of valuable help for men engaged in sales management.

7. Supply inspiration. "Impress each salesman with the significance of the job he is doing."

New Capital Funds from Life Insurers Total \$4 Billion for Nine Months

More than \$4 billion of new capital funds was made available from life insurance dollars to help finance the national economy during the first three quarters of the year, according to Institute of Life Insurance.

Some \$5 billion of new mortgages was financed in the first nine months, an increase of \$2.6 million, bringing the mortgage portfolio of all life insurers to \$32,111,000,000, compared with less than \$7 billion at the end of the World War II.

Life companies also acquired \$4,253,000,000 in corporate securities during the first nine months, an increase of \$1.6 million, bringing total life insurer holdings to more than \$40 billion, compared with less than \$11 billion at the end of World War II.

Guardian Life to Pay \$6.9 Million Dividends

Guardian Life will distribute \$6.9 million in dividends to policyholders during 1957, an 11.3% increase over 1956 dividends.

The increased amount will provide for the payment of regular annual dividends in 1957 on the same dividend scales as those of this year, except that first year dividends will now be paid on policies of the pension trust series and on deferred life income contracts. Settlement dividends will be based on new scales, with those on American experience policies being

substantially larger than heretofore.

The interest rate on policy proceeds left under an optional settlement has been increased to 3.1% and will be paid regardless of whether proceeds are subject to withdrawal. The rate paid on dividends left at interest will be 3.1%. First year dividends on A&S policies will amount to 10%, with later year dividends on some plans running as high as 25%.

N. J. Bill Would Lower Limit of Insurers' Stock in Other Firms

New Jersey senate has approved a bill to reduce the amount of voting stock in other companies which insurance companies can buy from 20% to 5%.

The bill was recommended by the New Jersey department and was designed to prevent insurers from gaining too much economic power.

A spokesman for Prudential, New Jersey's largest insurer, said the new bill would not effect his company since at the present, it does not hold more than 5% of the voting stock in any corporation. The spokesman said the company had no intention of purchasing any more than 5% of stock in any company in accordance with its plans for institution of the variable annuity policy. The bill must now go to the assembly.

Voids Postal L. & C. Charge

WASHINGTON—Examiner Cox of Federal Trade Commission has issued an order dismissing for lack of evidence charges that Postal Life & Casualty falsely advertised benefits payable under its A&S policies. However, the decision may be appealed to the commission and reviewed by it.

Travelers Elects Two 2nd Vice-Presidents

Travelers has elected James E. Hoskins and Ralph H. Maglathin 2nd vice-presidents and actuaries.

Mr. Hoskins started with the company in 1916 and has been actuary since 1947. He is chairman of the aviation committee of Society of Actuaries. Mr. Maglathin joined the life actuarial department in 1936 and became actuary in 1954.

Second NALU Subcommittee Named to Study Regulation of Blue Cross Programs

WASHINGTON—A subcommittee Assn. of Life Underwriters has been appointed to study the need for more effective regulation of Blue Cross, Blue Shield and similar plans. In addition to William E. North, New York Life, Evanston, Ill., who is chairman of the disability committee, the subcommittee includes Paul Agee, Jefferson Standard, Roanoke, Va., Joshua B. Glasser, Continental Assurance, Chicago, and Walter G. Meyers, General American Life, Rockford, Ill.

The committee will work with a similar subcommittee of the NALU group committee. Mr. Glasser is chairman of the group subcommittee. The subcommittee will report back to their parent committees at or before the NALU midyear meeting at Roanoke March 24-29.

Southwest Actuaries Hold Annual Meeting in Dallas

Approximately 70 members attended the annual meeting of Actuaries' Club of the Southwest in Dallas last week. George Van Fleet, consulting actu-

ary, was elected president and George R. Jordan Jr., Southland Life, was named vice-president, Andrew DeLaney, American General Life, was chosen secretary-treasurer, and Carl Metzner, Automotive Life, and John Marakas, Reserve Life, were named to the executive committee.

Speakers and their topics were: "Operations of the Federal Reserve System," Dr. Watrous H. Irons, president Federal Reserve Bank of Dallas; "Report on Annual Meeting of Conference of Actuaries in Public Practice," Robert Brady, Republic National Life; "Report on Fall Meeting of Society of Actuaries," George R. Jordan Jr., Southland Life; "Variable Annuities," Robert Harvey, Prudential; "Consolidated Functions," Waid Davidson Jr., Pan American Life; and "Federal Income Tax Return," Gene Wisdom, consulting actuary; and John Marakas.

Other subjects were: "Recent Trends and Problems in Bank Collection of Premiums," Charles Connolly, Southwestern Life, and Franklin Smith, Amicable Life; "Modern Aspects of Group Insurance," Gene Archer, Southland Life; and "Report on Translated Mortality Study," Dezere Nogar, consulting actuary.

Expect Another Attempt to End Separate Identity of Minn. Department

ST. PAUL—Gov. Freeman is expected to try once again to put through his reorganization bill, which passed the last session but was ruled invalid because of a clerical error. The bill contains a provision to abolish the insurance department as a separate entity and make it a division of the commerce department.

Brown Tells Committee

Why NALU Bucks Bank-Loan

(CONTINUED FROM PAGE 1)
ally bought term insurance, paid the premiums out of their own pockets, and then converted the term coverage to permanent insurance as their financial circumstances improved.

Moreover, the bank loan plan involves many uncertainties which can ultimately produce disappointment and dissatisfaction even in the case of high bracket taxpayer who may have thought initially that he had obtained his life insurance at bargain rates. This can easily happen, if, for example, there is an appreciable decline in the purchaser's income and a substantial rise in interest rates, such as we have witnessed in recent months. However, many agents and brokers who promote the bank loan plan may be inclined to overlook these points when talking to prospective buyers.

Thus we feel that life insurance sold pursuant to a plan which contemplates a pyramiding indebtedness and interest costs and which lays so much stress on the uncertain income tax advantages to be derived from the use of the interest deduction feature tends to be unsound business and, therefore, not in the best interests of either the public or the life insurance business. We believe that this is the principal reason why the vast majority of agents will not sell, and an equally large majority of companies are reluctant to issue, life insurance and annuity contracts written on the bank loan plan.

Therefore, I wish to state that my association is in accord with the principle of the proposal that the treasury has submitted to your subcommittee to disallow the deduction for interest paid on indebtedness incurred to purchase life insurance and annuity contracts on the bank loan plan. However, we understandably shall want to withhold judgment on the precise means by which the proposal, if approved by your subcommittee, is to be implemented, until such time as we can examine specific proposed legislation on the point.

COMMONWEALTH LIFE INSURANCE COMPANY



More than 1000 successful Fieldmen . . . in seven States . . . from the Great Lakes to the Gulf Coast.

HOME OFFICE:
Commonwealth Building
Louisville
The Tallest, Finest Office Building in Kentucky

HIC Finds Increasing Use of Time Savers in Processing A&S Claims

Insurance companies are making increasing use of suggestions developed by Health Insurance Council to cut down the time needed by doctors and hospitals to supply information for administration of hospital and surgical claims and benefits, Howard A. Moreen, assistant vice-president of Aetna Life and chairman of the council, told the council's annual meeting in New York City.

As examples, Mr. Moreen cited the development of the uniform claim forms and the recently published booklet, *Surgical Procedures: Classification and Nomenclature*.

Progress reports were given by these standing committee chairmen: Dr. W. H. Scoins, chief medical director of Lincoln National Life, the medical relations committee; Howard LeClair, vice-president of Mutual Benefit H.A., uniform forms; James E. Powell, vice-president of Provident Life & Accident, hospital relations; Morton D. Miller, associate actuary of

Equitable Society, technical advisory committee, and Arthur G. Weaver, associate group actuary of John Hancock, information and publications.

A special tribute was accorded Miss Alice Chellberg, assistant secretary of American Mutual Alliance, for her services as secretary to the council.

Recent distribution of council publications include: *The Extent of Voluntary Health Insurance Coverage in the United States as of December 31, 1955*, 37,000 copies of the preliminary report; *Surgical Procedures: Classification and Nomenclature*, 3,000 copies; *Nature and Types of Health Insurance*, (for physicians), 112,000 copies; *Some Fundamentals of Health Insurance*, (for physicians), 87,000 copies, and *The Purchase and Use of Health Insurance*, (for physicians), 5,500 copies.

Mass. I.&L. Extra Dividend

Massachusetts Indemnity & Life has declared an extra dividend of 14 cents a share payable Nov. 26 to stockholders of record Nov. 15. The regular quarterly dividend of 18 cents also will be payable Nov. 26 to holders of record Nov. 15.

Ultimate Goal of A&S Is Universal Coverage, Fairly Priced: Scoins

The ultimate goal of A&S, like life, should be universal coverage or "as close to it as possible, fairly priced in relation to the degree of risk, according to Dr. William H. Scoins.

Dr. Scoins is chief medical director of Lincoln National Life, a member of the A&S committee of Assn. of Life Insurance Medical Directors of America and chairman of the medical relations committee of Health Insurance Council. Some of his thoughts on A&S were set forth in his paper, "Substandard Accident and Sickness Insurance—Why Not?", presented by the U.S. delegation to the 8-day hemispheric insurance conference at Buenos Aires.

Dr. Scoins suggested that current underwriting methods may be too rigid, wholly or partially eliminating from coverage a significant number of people who, by their medical histories or examination findings, are not standard risks. Although exclusion riders, waiting periods and plan variations have helped people meet the costs of medical and surgical care and the loss of income due to disabling accident or illness, they still limit progress toward more universal coverage.

Dr. Scoins felt that most impairments might be underwritten on an extra premium basis alone, or combined with an appropriate exclusion rider. The biggest problem would be to establish a method of determining how much extra premium should be charged. Another problem would be selection of techniques to express the relative value of any impairment class. This concerns not only the broad principle that some diseases lend themselves well to the extra premium approach, but also the likelihood of relative costs for medical, surgical and hospital care.

Dr. Scoins wondered what basis would be used to determine the extra premium for a particular impairment or group of impairments. The moral hazard, which would be more important and more difficult to evaluate in A&S than in life, defies any attempt to reduce it to debits of a numerical rating system. A&S has demonstrated its vulnerability in the presence of personal or widespread economic loss or failure. These considerations and others must be considered when contemplating substandard A&S.

The cost increment in any extra debit will vary widely with different impairments, he said. The characteristics of an impairment which influence the probable nature, degree and duration of anticipated disability must also suggest the probably method of treatment, the likelihood of surgical interference, of hospitalization, institutional or domiciliary care. At least, an estimate of relative costs can be determined by these probabilities.

Personal accident insurance, still in a stage requiring much selling, is overlooked by many agents because it does require sales effort, compared to the well known older forms which are often "bought" rather than "sold," said R. Maynard Toelle, secretary of A. F. I. A., in a paper entitled, "Why Buy Accident Insurance?"

Since every potential client has a slight problem, the seller of personal accident insurance must try to understand the motivating factors in the prospect's mind before recommending a coverage. Such coverages as medi-

cal expense, death and dismemberment, income protection, protection for wage earners, travel accident and flexible group plans for employees serve various purposes. An important new form is major medical, Mr. Toelle pointed out.

25 Million Covered by Pension Plans in U. S.

At the start of the year, an estimated 25 million persons were covered by private and government pension plans,

Rise in Number of Workers in Pension Plans in the U.S. (In millions of Persons)

PRIVATE PENSION PLANS	
1955	13.3
1945	5.6
1935	2.6
STATE & LOCAL CIVIL SERVICE	
1955	3.0
1945	1.8
1935	1.0
FEDERAL & CIVILIAN RETIREMENT	
1955	1.8
1945	2.8
1935	0.4
R.R. RETIREMENT PROGRAM	
1955	1.9
1945	3.0
1935	0.9

Institute of Life Insurance

including 2 million annuitants, according to Institute of Life Insurance.

Excluding the armed forces, the total covered was 21.5 million, including 1,790,000 annuitants. The number of employees enrolled in pension plans was just under 20 million, which was 40% of the civilian, non-agricultural workers last year.

Sixty-seven percent of the employees under civilian pension plans were in private pension plans. There were 13.3 million enrolled in private plans and 920,000 more were annuitants under these plans. Insured pension plans written through life companies totaled 18,980 and covered 4,150,000 workers. The private plans represent 3,460,000 of annual contributions by employers and employees, with the former paying 80% of the total. Aggregate reserves and assets were \$24.3 billion, with the total rising \$3 billion annually.

Non-private pension plans in force included 1.8 million enrolled workers and 70,000 annuitants in the federal civilian staff retirement plan; 3 million workers and 315,000 annuitants in state and local civil service plans; 1,670,000 workers and 329,000 annuitants in the railroad retirement plan, and 60,000 annuitants under the veterans' program. Also, there were 3 million members of the uniformed forces and 102,000 annuitants under their retirement plan.


Nine out of 10 workers are covered by old age and survivors provisions of the social security act, and 5.4 million old age annuitants are receiving retirement benefits under the act.

Mutual Benefit Life to Continue 1956 Dividend Scale in 1957

Mutual Benefit Life will continue its 1956 dividend scale in 1957.

The 1957 dividend distribution is estimated at \$24.1 million, compared to just under \$23 million in 1956. The increase represents the normal growth of insurance in force and the increase expected from the "aging" of outstanding policies.

The 1956 scale, when adopted, provided the largest distribution in 15 years, relative to the size of the company's operation.



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Follmann Cites Steps Taken to Provide More A&S for Older People

A number of developments in the A&S business indicate the progress being made by insurance companies toward extending greater health coverage to the aging. J. F. Follmann Jr., director of information and research of Health Insurance Assn. of America, told a special breakfast session at the first annual individual insurance forum sponsored by HIAA at Dallas.

A recent study showed that 106 companies of 186 queried will consider new risks for hospital expense insurance above age 60. Half those queried had no age limit for renewal of the coverage and 15 will renew to age 75.

The average maximum benefits offered by companies to the older age group are \$13 daily hospital benefit payable for 30 days, miscellaneous benefits of \$130, up to \$248 for surgical benefits, in-hospital doctor visits at \$3 per visit, and in-hospital nursing service at \$10 per day.

A significant contribution has been the experiment of offering a hospital expense policy which is paid up at the normal retirement age, enabling the policyholder to pay the premiums during his productive years.

Although companies are making progress on the problems of insuring the older age groups, the business must remain alert to all opportunities that exist in this area and continue to experiment with different types of coverage designed to bring protection against the costs of illness to these groups, Mr. Follmann said.

Pacific Mutual Enlists Aid of Executives' Wives

The wives of executives of Pacific Mutual Life have been recruited as temporary employees in an unprecedented move to speed conversion of the company's insurance files to electronic record-keeping. Some 45 extra people from among Pacific Mutual families and their friends are at work now in this project called "Helpmate."

The need for temporary employees arose when, in the course of converting to electronic record-keeping, the point was reached where the company had to operate two independent "parallel" systems. One is the conventional record keeping on paper, and the other is on electronic tape. Until all the records have been transferred to Univac and checked out for accuracy, both systems will operate simultaneously. This dual operation will continue for about six months, and during that time the task force of wives will accompany husbands to their office each day. Husbands, in turn, are expected to help their wives at home at night.

American Society Adds Amarillo, Tex., Chapter

American Society has approved the formation of its 100th local chapter in Amarillo, Tex., with Jack V. Hawkins of Great Southern, president.

Other officers are Harris L. Landon, Southwestern Life, vice-president and John J. Halley, California-Western States Life, secretary. Texas now has 40 of the society's local chapters. Total society membership at the end of the 1956 fiscal year was 3,984.

Government Public Health Survey

U. S. Public Health Service has launched a new program to survey the nature and extent of illness and disability in the population each year. The information, gathered through door-to-door sampling, will be made available to all public and private health agencies. The last survey of

this type was made in 1936. Forrest E. Linder, former chief of the demographic and social statistics branch of United Nations statistical office, will direct the new program.

Los Angeles A.&H. Managers Club had its annual outing at Riviera Country Club. Plans for the coming year were discussed at a business meeting.

Donald Rholl, formerly in the actuarial department of Lincoln National Life, has joined the San Francisco office of Milliman & Robertson, consulting actuaries.

Ky. Lawyer Incorporates Life, Fire Companies

Robert B. Hensley, Louisville attorney, has incorporated two new insurance companies, one of which is Fire Ins. Co. of Kentucky and the other Life Ins. Co. of Kentucky. Each has a capital stock of \$500,000.

Incorporators besides Mr. Hensley are E. E. Constant, W. A. Knight, and M. E. Douglas, all of Louisville, and D. A. Aldridge of Atlanta. Mr. Hensley also is a vice-president of Cardinal Life of Louisville, president of Kentucky Industries Trust Co., another new company, and vice-president of

Green River Steel Co., operating steel producing mills at Owensboro, Ky. Mr. Hensley's office and that of his companies are at 310 West Liberty street, Louisville.

Set Rules for Medical Care Act

Departments of Defense and Health, Education & Welfare have issued a joint directive which sets forth the policies for administering the recently enacted dependents' medical care act. The directive will become effective Dec. 7. The act provides medical care for dependents of armed forces personnel in civilian and military facilities.

The Only Quiet Moment . . .



. . . in a Convention Jam-Packed with Unparalleled Enthusiasm, Optimism and Driving Sales Ambitions!

This was the only quiet moment . . . when the Men with The Guarantee, and their wives, posed for this official picture at the 1956 Agents Convention at the Waldorf-Astoria in New York City.

Skyrocketing sales records stem from the dynamic enthusiasm the

Men with The Guarantee have for their 5-Star Contract, and family style operations. They're proud to be associated with an organization like The Guarantee, where both field and home office are constantly striding forward to rapid growth, yet on a sound and secure basis.

Guarantee's new 5-Star Contract for agents is one of the strongest in the insurance field; it offers even greater opportunities than before.

Yes, the future looks bright and promising for the Men with The Guarantee. That's because The Guarantee is geared for progress.

Here's an agency-minded company that is growing and is eager to support and finance growth-minded men.

Write J. D. Anderson, Agency Vice President, about general agent opportunities with The Guarantee. 1805 Douglas Street, Omaha 2, Nebraska.



RALPH E. KIPLINGER, President

'Training at Grass-Roots Level' Treated in Symposium at LIAMA Annual Meeting

Five analyses of the problems of training agents in the field were presented by agency department executives taking part in a symposium at the annual meeting of LIAMA in Chicago.

The problem of how to encourage managers to do a good job of training and supervision was discussed by Hollis L. Manly Jr., director of training for Amicable Life.

He explained his company's basic

philosophy: "If we have a reasonably competent manager and he does not do a good job of training and supervision, we feel it is probably our fault, not his." Mr. Manly said he works from the premise that the manager "wants to do a good job."

"First, we try to help each manager be objective," he said. "Second, we try to relieve each manager of as much training detail as possible."

In discussing the first aim, Mr. Manly pointed out that the manager, "like some of us in the home office, fights the ever-present impulse to do what is immediate instead of what is important. We do two things to help him constantly be objective: We set up annual goals for his agency so that he can see in black and white what he must do to accomplish a certain goal. We try to break his plans down into component parts of his job—in the areas of recruiting, training and supervision. We also try to help the manager be objective about his men, again on the assumption that the manager will properly train or supervise if he knows what training or supervision is needed."

To help managers attain their goals, Amicable Life offers a tool, *Master Agents Record Summary (MARS)*. The MARS form contains four sections (1) agent activity recorded on a monthly basis; (2) agent's production, commissions, and amount paid on a monthly basis for a year (this shows the manager, at a glance, the agent who produces business with high lapse ratio, or the agent who doesn't get around to delivering his business); (3) agent's study schedule showing dates for completion of his study course assignments so the manager can see whether the agent is studying; and (4) persistency rating of agent's first 30 adult sales.

The MARS form gives the manager an objective picture of a man's work habits and effectiveness, his production in relation to financial requirements, his study work, and the expected quality of his business. These are the four areas wherein lies the agent's need for supervision and or training, the speaker said.

Mr. Manly illustrated his company's second objective—relieving the manager of training details:

"Prior to two years ago, we expected our managers to spend at least a week in the office with a new man preparing him to go in the field, then another week with him in the field. The manager knew exactly what to teach the man, how much time to spend on each subject, and he had a good trainer's guide.

"The only thing wrong—it's physically impossible for a good manager who is on top of his operation to isolate himself for a week without leaving town. So, training sessions started out with good intentions and ended with the agent alone in an office reading how it should be done or going to coffee with the older agents. Even if it were possible for the manager to spend a week with a man, it is a tedious, time-consuming task that can probably be accomplished better and cheaper by someone else.

"So here's what we did. Two years ago we started conducting a 1-week indoctrination school in the home office for new men. We hold such a school the first week in each month to enable the manager to build recruiting activities around these dates and relieve him of a repetitious, tedious training job."

Mr. Manly said this was but one of many examples of activities designed to relieve the manager of routine functions and thus enable them to become more effective in other areas of their responsibility.

"Constant repetition will eventually get most of your managers to do the things they should be doing," said Glenn C. Tompkins, superintendent in charge of field training for Canada Life.

agers to train and supervise, has a 7-point program:

1. Management courses.
2. Manager's training manual.
3. Personal letter from the supervising officer to the branch manager asking for a report on specific things done with the new man his first week in the field.
4. Weekly reports from managers on training and recruiting activities.
5. Regular reports on the new man during his first year—to show what the manager has done with him as far as training goes—and future training plans for the man.
6. Letters from the supervising officer to the manager on the quarterly analyses of the representatives' work activity.
7. Appointment of a traveling field training man to act as coordinator and inspector of field training activities.

Mr. Tompkins described events in his company leading to a situation where the home office "was doing most of the classroom training." He said this developed a feeling among managers that training was a job for the home office and hence managers as a group tended to neglect their responsibilities as trainers. The 7-point program he described as an effort to put training back into the agencies and to persuade managers of the value of training and developing their own men.

The speaker explained that "we give all newly appointed managers and supervisors a 2-week management course in the home office." Experienced managers get a 1-week refresher course "to make sure their efforts are coordinated with ours."

He described the training manual for managers as an effort "to put our training material under one roof, so that each manager has available material to put on his own courses—introductory, intermediate and advanced."

Requesting a report on the new man's first week is a deliberate attempt to put the manager on the spot, Mr. Tompkins said.

Weekly reports from newly appointed managers and supervisors cover such aspects as office coaching, prospecting, selling interviews, conducting interviews . . . in addition to recruiting activities, nominators interviewed, new names obtained, prospective agents interviewed. The speaker said these reports are reviewed weekly by the supervising officer and the training department.

A major purpose of the reports on new agents is to remind the manager

(CONTINUED ON PAGE 12)

BERKSHIRE'S NEW LOW COST DECREASING TERM PROTECTS BEYOND PREMIUM PAYING PERIOD



Premiums payable only 80% of term — while dividend payments continue for entire term!

WHEN PROTECTION IS NEEDED MOST, Berkshire's new low cost \$10,000 minimum "Decreasing Term" Policy protects family income, mortgaged home or business — over periods of 10, 15, 20, 25 or 30 years. Consider these features and you have an unbeatable sales picture: (1) no basic permanent plan required; (2) *unusually low-cost protection* (for example, at age 30, level annual premiums are only \$64.90, payable for 16 years on a 20-year policy with \$10,000 initial coverage); (3) *premiums* are payable only 80% of term period; (4) *yet dividends* continue for the duration of the policy. See the Berkshire General Agent nearest you for *all* the interesting details and the easy-to-use sales tools that make this coverage so saleable.

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HOME OFFICE — SYRACUSE, N. Y.

No Solution Yet for Credit-Loan Tie-in, Indiana Assn. Hears

No good solution for problems from the tie-in sale of credit insurance with personal loans is in sight in Indiana, Richard Englehart, legislative chairman of Indiana Life Underwriters Assn., admitted to the mid-year meeting of that organization in Indianapolis last week.

Mr. Englehart pointed out steps that have been taken in the past year in connection with credit insurance. The insurance department has ceased issuing agents' licenses for the sale of credit insurance without compliance with the Indiana qualification law, as had been the custom for a number of years. The department, backed by an opinion from the state's attorney general, has reiterated publicly that corporations may not receive commissions on the sale of life either directly or indirectly through some such device of licensing an executive or employee to receive them and assign them to the corporation.

Beyond these steps, Mr. Englehart reported, the legislative committee has no immediate recommendations and contemplated no legislation for introduction in the forth-coming session of the state's General Assembly.

In the field of agent licensing, long a matter of contention in Indiana, he said that in the opinion of the legislative committee, Commissioner Davey's new regulations issued last December have now given the state a strong and satisfactory licensing procedure. The committee also felt that the commissioner's new regulations on formation and capital expansion of new companies, reported in the Nov. 16 issue of THE NATIONAL UNDERWRITER, will go far toward curbing what the association has long contended is a problem in connection with new companies.

The final area of association concern in the past—the failure of Blue Cross-Blue Shield to pay Indiana gross income tax, is in the hands of the attorney general, he reported. No direct indication has been given of when the attorney general's opinion may be forthcoming or what it will be.

In Indiana, Blue Cross-Blue Shield formed and operates under laws governing mutual insurance companies and there is no special legislation dealing with it. In lieu of premium tax, domestic companies in Indiana pay the state's gross income tax, but Blue Cross-Blue Shield has not paid in the past. The association has long contended that since it is a domestic company organized under the same law as other domestic mutual companies, it is subject to the tax. The state revenue commissioner requested the attorney general's ruling.

In connection with Blue Cross-Blue Shield, R. W. Osler, association publicity chairman, reported on the disposition of a suggestion made in his report to the annual meeting in May. The suggestion was that the association call on locals to refrain from participating in fund-raising drives from which moneys go to hospitals or medical foundations until and unless hospital and medical associations urge members to cease specified practices deemed by the association to be unfair competition. At the annual meeting, the suggested resolution was referred to a special committee of which Mr. Osler was made a member.

Early last year, the Indiana association officially spearheaded the Heart Fund drive in the state. Following the close of the campaign, the Heart Foundation gave public credit to the association for putting the drive "over the top" and asked that it head the drive again in 1957.

Charles McCotter, Northwestern Mutual and president of the Indianapolis association, and E. E. Verdon, Life of Virginia, Evansville, president of the state association, said that at first they both withheld the decision on 1957 participation pending a report of the committee. However, both finally agreed to head the drive again this year when Mr. Osler pointed out that the state association could not act on any recommendation of the special committee prior to the November mid-year meeting, whereas the Fund needed a decision by mid-summer.

Mr. Verdon said that the special committee had made no report to the mid-year meeting and asked what action the committee had taken. Neither the chairman of the committee nor any other member of it being present, Mr. Osler reported unofficially that to the best of his knowledge, the committee

had taken no action whatsoever.

Asked from the floor if the matter had been "buried," Mr. Osler answered, "It would appear to have been quite successfully buried."

Mr. McCotter said that delay in coming to a decision in Indianapolis, the reason for which was explained to the Heart Foundation, had had a salutary effect. "The Foundation people were quite concerned about their public relations with us," he declared, "and while I have it only as a rumor, the authenticity of which I cannot vouch for, it is my understanding that our delay and stated reasons for it have created enough concern in medical circles to engender some activity on the problem of the Blues in the medical society."

"In other words," Mr. Verdon summarized, "it seems that we did not create the adverse reaction opponents of the action direly predicted but, instead, received at least a modicum of sympathetic attention."

Mutual of New York is offering without charge the full series of three Salk anti-polio vaccine injections to all home office employees up to age 54.

Ind., Ky., Ohio Actuaries Meet at Cincinnati

Actuaries from Indiana, Kentucky and Ohio met recently in Cincinnati to discuss informally the gradation of cost by size of policy, terminal dividends, family policies, shortage of actuarial students and non-medical limits. Edward A. Dougherty, Union Central Life, was program chairman and Eugene W. Bates, Western and Southern Life, was in charge of arrangements. Henry F. Rood, Lincoln National Life, gave a talk on work to date of the committee of Society of Actuaries appointed to inquire into the need for a new mortality table. Such a table would, it is hoped, be a permissive standard for valuation in calculation of non-forfeiture benefits.

It was thought by those attending that if a gathering of this type were held about once a year it would be well worthwhile. It was pointed out the place of the meeting could rotate among the major cities in the tri-state area.

Marvin L. Kornhauser, formerly an actuary with Kwasha, Lipton & Clark in New York city, has gone with Joseph H. Daoust & Associates at Detroit. Mr. Kornhauser is a fellow in Society of Actuaries.

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ASSOCIATIONS

Pasadena Asks Southern Cal. Agents to Big Rally

Pasadena-San Gabriel Valley Life Underwriters Assn. has invited all life agents in southern California to attend its second annual all-day clinic on practical selling of business insurance on Thursday, Dec. 6, at the Pasadena Athletic Club, Green and Los Robles streets, Pasadena.

Conducting the clinic will be Samuel Zeigen, general agent of Provident Mutual Life at New York City. Mr. Zeigen is a member of New York Bar, immediate past president of the New York CLU chapter, and originator of the CLU estate planner's day in New York. He has achieved popularity among life agents for presenting his subject from a sales point of view in such a practical manner that it can be used "the very next day." Mr. Zeigen goes to southern California following appearances at an estate planner's day at San Francisco

and at a business life insurance seminar in Hawaii.

The business insurance program will include sessions on psychology of and prospecting for business insurance; the close corporation and its problems and solutions; partnership and its problems and solutions; specific approaches and methods, the sole proprietor, and key man insurance—A&S plans.

Warren Day, New York Life manager at Pasadena, who was chairman of the first annual sales event last year which drew a very sizeable turnout of 1,400 southern California agents, will be chairman again this year. It is expected that the popular program will enjoy and even larger attendance this year.

Ind. Association President to Visit 23 Locals in State

A program of visitation of each of the state's 23 local associations during December and January is being laid out by E. E. Verdon, manager, Life of Virginia, Evansville, president of the Indiana Assn. of Life Underwriters.

Under association organization, Indiana is divided into four zones, each headed by a vice-president. Within

each zone, calls on the local association will be made by Mr. Verdon accompanied by the zone vice-president, meeting with the local board, officers, and committee chairmen.

Primary purpose of the visits will be to acquaint locals with the legislative program of the state group under the association's new legal counsel, Judge John Kendall.

Ind. Sales Caravan Lists Two Speakers, Schedule

Two speakers for next April's annual Caravan Sales Congress of Indiana Assn. of Life Underwriters have been announced by B. J. Lurie, Evansville, chairman. They are Hal Nutt, director Purdue university insurance institute, and R. W. Osler, vice-president Rough Notes Co.

The complete panel usually consists of four speakers, two in the forenoon and two in the afternoon. The Indiana caravan, which usually draws an overall attendance in excess of 1,000, this year will start at the Valparaiso university convocation hall, April 4, and will then move to Indianapolis, April 5, and to Evansville, April 6.

Clergyman, Former Manager, Speaks to San Antonio Assn.

Rev. David C. Penticuff, rector of Christ Episcopal Church of Corpus Christi and former manager of California-Western States Life at San Antonio, addressed San Antonio Assn. of Life Underwriters on "Fear and Faith."

When an agent approaches a prospect, Rev. Penticuff said, he either fears he will not make a sale or he has faith in his ability to sell. The positive attitude is the key to achievement because fear is negative and faith is positive.

Calif. Conducts Membership Drive in Effort to Beat New York Mark

California Assn. of Life Underwriters is conducting an intensive drive in an effort to exceed the New York state association's roster of 5,324. California, at last report, had 5,024 members. Emmett Velthouse, Northwestern National, Arcadia, heads the campaign.

Buffalo Fetes Past Presidents

Thirty-one past presidents of Buffalo Assn. of Life Underwriters were honored at the 70th anniversary luncheon in Hotel Statler. Clifford H. Orr, general agent of National Life of Vermont in Philadelphia, past president of National Assn. of Life Underwriters and of American College, spoke on "What the Life Insurance Business Means to Me."

Lists Commandments for Success

W. T. Spencer, American National, Wichita Falls, vice-president of Texas Assn. of Life Underwriters, listed "Eight Commandments for Success" in a talk to the Austin association. He said the commandments are knowing the value of time, perseverance and simplicity, recognizing the wisdom of economy, improving one's talent, knowing the value of patience, realizing the pleasure of working and knowing the value of courage.

Denver Agent Wins \$100

At a recent meeting of the Denver Life Underwriters Assn., Norris E. Chapman, Penn Mutual Life, was awarded a \$100 check as winner of the 1956 CLU scholarship award which is presented each year by Central Bank & Trust Co. of Denver. The Denver bank makes this award each year to encourage life agents in the study of insurance.

Pittsburgh—William G. Seeburger, Penn Mutual, Philadelphia a Million Dollar Round Table qualifier, spoke.

Durham, N. C.—William T. Beatty, general agent of Connecticut Mutual in Raleigh, spoke.

A & S

Chicago A&H Men Hear Talk on Advertising

Richard McConnell, vice-president of Vaughan, Thain & Spencer, Chicago advertising agency, said that the only way for the accident and health industry to get along with recent decisions of the FTC is to make use of both newspaper space advertising and direct mail advertising realistically.

Speaking on "Advertising Under the Shadow of the FTC" before Chicago A&H Assn., Mr. McConnell said the FTC code takes the "emotional whollop" out of A&S advertising, prevents the use of traditional advertising procedures and presents a dangerous precedent in dealing with other fields of advertising that have not been subject to such comprehensive rules.

The FTC turned its guns on A&S advertising, Mr. McConnell said, because some companies in the past have based ads on misrepresentation. It has been unfortunate that the industry has not met the FTC head on as have some other industries under attack for their advertising, such as the tobacco industry. The unfavorable publicity that A&S has gotten has not been met equally by favorable publicity. One of the most important reasons for this lack of favorable publicity, Mr. McConnell said, is that the insurance industry has spent little on public relations and advertising in comparison to its size.

He suggested that the way to meet the requirements of FTC and still do effective advertising is to sell the need for A&S in newspaper advertisements and sell the particular policy by direct mail. The policy cannot be sold in a newspaper without the ad looking like a legal notice because of the FTC rules but through direct mail the policy can be completely described and thus conform to the code.

John A. Sonin, Fireman's Fund, introduced the speaker. Frank O. Watt, Washington National, announced that the annual orphans Christmas party will have Fran Allison of TV and Jim Rivera of the White Sox as well as other personalities of the sports and entertainment fields as attractions.

BBB Publishes New A&S Article

Better Business Bureau of Dallas in cooperation with Health Insurance Institute has written an article on A&S in the Assn. of Better Business Bureaus' publication, *Safeguard*. The article defines the various accident cov-

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10 to 24 lives

New and important liberalizations.
New schedules.

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Connecticut General Life Insurance
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(minimum 15 lives in Florida)

Connecticut General

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Salary \$10,000

All inquiries handled confidentially

FERGASON PERSONNEL

330 S. Wells St., Chicago 6, Ill.
HARRISON 7-9040

ers, including loss of income, hospital, surgical, general medical and major medical, and lists several points buyers should keep in mind. Copies of the article are available from the Better Business Bureau of Dallas at 2202 Bryan street, Dallas 1, Tex.

Sales Expert to Write Clinic for A&H Magazine

John Palmer, vice-president, Robert Palmer Corp., has joined the staff of the International A&H Underwriters Assn. Accident and Health Underwriter magazine as sales editor on a consulting basis.

He will conduct a monthly sales clinic in the magazine, answering specific sales questions and commenting on sales trends and motivation. His company of Chicago and Santa Barbara, Cal. specializes in marketing sales programs that deal with inspirational and mental attitude. Mr. Palmer himself was instrumental in developing one of the first actual statistical evaluations of how effective a sales program can be with the salesman himself.

His work with the magazine will be aimed at helping the agent.

Blue Cross Hikes Rates in Pa., Files in N. C.

The Pennsylvania department has approved increased Blue Cross rates and benefits for Capital Hospital Service. Hospital Care Association of Durham is seeking a 12.6% increase in Blue Cross rates in North Carolina.

The higher rates in Pennsylvania apply to both the cooperative and standard contracts for group and non-group members. Under the new contracts the number of days of hospital care for which each member will be eligible has increased.

Cottrell of Denver Named to Board of IAAHU

John R. Cottrell, Bankers Life & Casualty regional manager at Denver, has been named to the board of International Assn. of A&H Underwriters, replacing R. J. Kohlruss, Security Life & Accident, former board and zone chairman of the western states region. Mr. Cottrell is a past president of Colorado Assn. of A&H Underwriters. He is chairman of his company's planning committee and active in the development of its agency system. For IAAHU Mr. Cottrell will coordinate activities in Arizona, Colorado, New Mexico, Utah and Wyoming.

Organize New A&S Association in Erie

O. E. Prather, general agent, Mutual Benefit H&A, Erie, Pa., was named acting president of a new A&S association in that city at an organizational luncheon. Guest speaker at the luncheon was Oakley Baskin, Mutual of Omaha, Buffalo, member of the board of International A&H Assn.

Other provisional officers named at the meeting were William W. Martin, and G. A. Vickie, manager, Connecticut General, secretary-treasurer.

Named to the executive committee were George P. Conway, Prudential; Harry Lake, American Independent; Robert Stark, Blue Cross; and Philip G. Rager, United Insurance Co.

A charter meeting is planned for the new organization in February after a 60-day membership drive throughout the Erie area.

Must Keep Voluntary Health Programs: Foster

Preservation of the existing voluntary health insurance programs is essential if compulsory insurance is to be avoided, Dr. F. Fernald Foster, secretary of Michigan State Medical Society and president of Michigan Medical Service (Blue Shield), told the Owosso Kiwanis club.

Dr. Foster said the Michigan Blue Cross-Blue Shield plan, which now has some 3,500,000 members, enlisted support of 90% of the doctors when the medical service organization, was formed in 1940. He said the present "voluntary health insurance" is within reach of "practically everybody" despite rate increases over the years due, in part, to deliberate abuses, chiefly by the public.

Chicago A&S Underwriters Hold Case Clinic

Chicago A&S Underwriters Forum, at the November meeting, held a case clinic with Edward Ryan, Municipal, as moderator. He was assisted by Jack Robinson, Prudential. There was lively discussion around a number of problem cases which had been submitted by the members. The organization, which meets monthly at the Old Heidelberg restaurant, also made plans for the December meeting which will include a Christmas party for members and guests.

Akron Blue Cross Seeks Increase

Superintendent Pryatel of Ohio is holding a public hearing this week on a request for rate increases on the part of Akron Hospital Service (Blue Cross).

Addresses Fond du Lac A&S Assn.

S. L. Horman, vice-president of Time, addressed a dinner meeting of East Central Wisconsin Assn. of A&S Underwriters at Fond du Lac.

Three general agents of Midland Mutual Life recently marked their 25th anniversaries with the company. They are James H. Moorcroft, Detroit; Le Roy B. Breneman, Lancaster, Pa., and

Hint Saunders May Quit Texas Commission Post to Go with Life Company

AUSTIN—Chairman Saunders of the Texas Board is reported to be considering an offer to become an officer of a large Texas life company, but both he and Gov. Shivers have confined the comments to saying that "an announcement will be made" when and if a vacancy develops.

Mr. Saunders' present term runs to Feb. 10, 1959, so any appointment to replace him will be for the unexpired portion. If he resigns before Jan. 15,

when Governor-elect Price Daniel takes office, Gov. Shivers can name his successor. In any event, Mr. Daniel will be in a position to name a successor for Commissioner Brownlee, whose term expires Feb. 10. Commissioner Wentz, third member of the board, is serving a term that runs to Feb. 10, 1961.

Mr. Saunders was named casualty commissioner in 1953 and was advanced to chairman last January to succeed Garland A. Smith, who resigned. Mr. Saunders is currently executive committee chairman of National Assn. of Insurance Commissioners.



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in combination with
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- Association Group and Baby Group A & S
- Commercial A & S (First day for lifetime)
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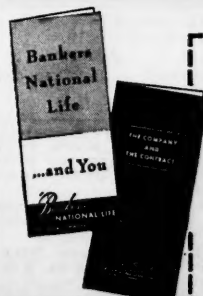
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Bankers National
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NAME.....

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My age is.....Life volume for 1955 \$.....



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...featuring convenience, comfort, quality! A cosmopolitan atmosphere in home-like setting. In the center of all downtown activities. Newly decorated. Ultra modern, comfortable guest rooms... excellent food at moderate prices in our modern coffee shop and cafeteria.

Radio and Television in room. Air Conditioned rooms in season.

800 ROOMS \$375
WITH BATH from 3
GARAGE and PARKING LOT
FAMILY RATES
No Charge for Children
12 and Under —

Harry E. Carlson, General Manager
FACING GRAND CIRCUS PARK

DETROIT

EDITORIAL COMMENT

No 1-Day, 1-Week, or 1-Month

U. S. Chamber of Commerce has just issued an interesting booklet which gives all of the special days, weeks, and months of the year. After listing 10 pages of these items, the booklet devotes another section to the sponsors and purposes of such observances as "odorless decoration week" which falls in January, and old maid's day, which comes, appropriately enough, in May.

It is interesting to note, however, that although practically every activity, yearning, and idea in American life has its special observance with a day, week, or a month, there is nothing in the entire list about insurance. The only thing that comes close is Fire Prevention Week.

Yet, among the Louisiana yam, supermarkets, printing, tea, potato chips, and even large (economy) sizes, there

is not even a "read your policy" week or day.

This is curious omission, since not all of the observances deal with frankfurters, beauty salons, cheese, peanuts, salesmen, tobacco, TV, moth-proofing, hardware, leather goods, motels, old stoves, portable radios, dogs, popcorn, pretzels, ice cream (two varieties, each with different weeks), doughnuts, can openers, and cranberries.

Because observances also are accorded to such matters as education, religion, youth, cancer control, mental health, etc., perhaps the omission of insurance is due to the fact that members of the public do not need to be reminded, as they do to go see their dentist or doctor, that they should check their insurance, buy an educational policy, or consult with their agent on the risks they run at home.

'Stepped on by a Camel'

If you've ever been irritated at reading—though not in THE NATIONAL UNDERWRITER—that a new general agent was "formerly with a large eastern company," you'll be amused by this example of exasperating incompleteness, quoted in its entirety from a London newspaper by *Editor & Publisher* as an example of the casual attitude in British news reporting:

"A Mr. Smathers of Liverpool is at the Seething street hospital recovering from injuries received when he was stepped on by a camel."

Baffled curiosity is the typical re-

action to a news item that fails to answer the normal questions that arise in a reader's mind, whether the story is in a daily paper or an insurance paper. It's the reason why THE NATIONAL UNDERWRITER goes to some trouble to dig up essential information about an appointee's background, even though it's missing from the company news release. As a matter of fact, we feel a little apologetic at having aroused your curiosity about Mr. Smathers and the camel—but not quite enough to go to the expense of cabling London for the details.

PERSONAL SIDE OF THE BUSINESS



Don W. Swain

year, general agent of Continental American Life.

J. V. Whaley, vice-president of Franklin Life, will head a drive to raise \$75,000 to help build a new Sal-

Don W. Swain, who has been appointed general agent of Postal Life at Washington, entered the business with Union Central 25 years ago and has been manager of the life department of Continental Assurance, manager of Aca-

cacia and, since last

vation Army Citadel in Springfield, Ill.

W. Barton Baldwin, who has been named manager of Life of Virginia at Norfolk, entered the business with Provident Mutual at Norfolk in 1936 and became manager of State Mutual in 1954. He is vice-president of Virginia Assn. of Life Underwriters and past president of the Norfolk association.

William M. Bullitt, prominent insurance attorney and a trustee of Mutual



W. Barton Baldwin

of New York, lost a large sum of money when burglars broke into a safe in his home in suburban Louisville.

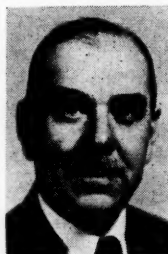
E. Kirk McKinney, president of Jefferson National, has been awarded a special certificate for his services to Chicago Council, Boy Scouts of America.

Theodore P. Beasley, president of Republic National Life, is serving as chairman of Dallas (Tex.) county 1956 March for Muscular Dystrophy. The campaign will be over Nov. 27.

Wylie Craig, vice-president and superintendent of agencies of National Fidelity Life, headed the men's division of the greater Kansas City 1956 united funds campaign, which exceeded its quota.

James N. Cunningham, vice-president and legal officer of Crown Life of Toronto, has been elected standing committee chairman of home office counsel of Canadian Life Insurance Officers' Assn. to succeed R. D. Taylor of Sun Life.

DEATHS



V. W. Edmondson

VINCENT W. EDMONDSON, 64, vice-president of Manhattan Life since 1945, died at his home in New York City. He had been at work at the home office during the day, prior to his death, which occurred late in the evening. He entered insurance in 1909 with Scottish Metropolitan Life in London and later was with London & Scottish Life there. In the United States he was with Western Union Life of Spokane. He joined Manhattan in 1928.

EMIL THEODORE PAUL, 74, secretary-treasurer of American Life & Accident of Kentucky, died in St. Anthony's hospital, Louisville. He joined the company about 15 years ago and prior to that was a traveling auditor for the Louisville & Nashville Railroad.

MRS. JOHN A. O'SHAUGNESSY, 84, whose late husband was at one time Minnesota commissioner and later was president of Minnesota Mutual Life, died at Minneapolis.

WILLIAM J. ARNETTE, retired manager of Fidelity Mutual Life at San Francisco, died after a long illness.

League of Life Insurance Women will mark its 25th anniversary at a Christmas party Dec. 4 at Columbia university club, New York. Claire Mann, TV beauty and health authority, will be the guest of honor.

Institute's New Movie Has Family in 'Hero' Role

NEW YORK—Measure of a Man, Institute of Life Insurance's newest movie, was unveiled at a press preview here. Designed to bring out the values that life insurance contributes to family living, the picture has a family as its "hero."

Measure of a Man will be shown to adult and high-school groups as part of the institute's educational work in family-living courses and other school programs, supplementing IIL's seven other films and seven film strips.

The new movie is set in a typical small midwestern city. A man, his wife and two children are shown living happy lives, their plans backed by life insurance. Thought for his family is one of the major factors in the man's being selected for greater responsibility. The film runs 27½ minutes and is adaptable for television use. It is on 16 millimeter black and white film.

Life Insurers Pay \$100 Million Yearly in Traffic Deaths

Traffic fatalities are adding nearly \$100 million a year to annual death benefit payments of life insurers, Institute of Life Insurance reports.

The institute pointed out that since the end of World War II more than \$250 million has been paid in motor vehicle death claims under life policies. In the first three quarters of this year motor vehicle fatalities accounted for 33,000 life insurance death claims, representing \$71 million in benefit payments, up \$7 million.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Nov. 27, 1956

	Previous Week's Bid	Current Bid	Current Asked
Aetna Life	176	174	177
Beneficial Standard	16 3/4	16 1/2	17
Cal.-Western States	81	80	84
Colonial Life	99	98	101
Columbian National	77	70	73
Commonwealth Life	21 1/4	20 1/4	21
Connecticut General	248	241	246
Continental Assurance	118	118	122
Franklin Life	81	80 1/4	81 1/4
Great Southern Life	83	28 1/2	30
Gulf Life	28 1/2	29 1/4	30
Jefferson Standard	118	118	122
Kansas City Life	1140	1125	1150
Life & Casualty	23 1/4	22	23
Life Insurance Investors	13 1/4	13 1/4	14
Lincoln National	214	211	214
Missouri	29 1/2	29 1/2	31
National L. & A.	85	84	86
North American, Ill.	19	19	20
N. W. National Life	97	92	97
Ohio State Life	250	255	265
Old Line Life	60	60	64
Southland Life	90	90	93
Southwestern Life	95	95	100
Travelers	70 1/4	69 1/4	70 1/4
United, Ill.	22	21 1/4	22 1/4
U. S. Life	27	25 1/4	26
West Coast Life	46	46	48
Wisconsin National	52	50	55

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SS Actuarial Balance Slightly Bettered by '56 Changes: Myers

WHITE SULPHUR SPRINGS, W. VA.—Although material cost increases are involved in the 1956 changes in the social security act, these are offset by some changes resulting in reduced costs, with the result that the actuarial balance of the over-all program is relatively unchanged, slightly better than was estimated under the 1954 act, it was stated in a paper presented at the Society of Actuaries' annual meeting here by Robert J. Myers, chief actuary of the Department of Health, Education & Welfare.

According to Mr. Myers, who reviewed the past six years under the act, the number of retired workers drawing benefits has tripled since mid-1950, other beneficiaries have more than doubled and the annual rate of benefit disbursements has increased seven-fold. In June, 1956 there were 4,730,000 retired workers and 3,640,000 other beneficiaries and benefits were running at an annual rate of \$5,273,000,000.

Estimates for the future show an expected total of \$17,002,000.0 in old-age and survivor benefits by 1980, \$28,940,000,000 by 2020. Disability benefits are expected to be \$949,000, by 1975.

Actuarial estimates have been made by Mr. Myers of the costs of all social security benefits, old-age, survivor and disability, up to the year 2020, related to annual contributions. Under the 1956 revisions, virtually all gainfully employed persons are covered, according to Mr. Myers, and the combined contribution rate of employees and employers together will attain 8.5% of pay in 1975 and continue at that rate thereafter. The cost estimates show that, on a low-cost basis, benefits will be 7.17% by 1980 and 8.28% by 2020. On a high-cost basis, the rates would be 8.54% by 1980 and 12.58% by 2020. Put on a level-premium basis, the low-cost rate would be 7% and the high-cost rate would be 9.09%.

"According to the low-cost estimate, the OASI trust fund would be well over \$190 billion by the year 2000 and under the high-cost estimate, it would be exhausted shortly after 2000," Mr. Myers said. "It is unlikely that either of these two situations could develop because Congress would not doubt either liberalize benefits or increase taxes."

It was pointed out by the social security actuary that the heaviest drain in the expected cost figures is in the old-age and survivors' benefits and not the disability side. The extra tax provided for the disability coverage appears sufficient to cover anticipated benefit costs. The increased costs arise primarily from lowering the eligibility age for widows to 62.

Applying the level-premium estimates to the program under the 1956 act, Mr. Myers said that old-age and survivor benefits come to 7.43%, compared with average contributions of 7.23%; the disability benefits come to 0.42%, compared with average contributions of 0.49%. Taken as a whole, the social security program shows a lack of actuarial balance of 0.13%, which is slightly less than the revised estimate for the 1954 act of 0.16% and earlier estimate of 0.48% under the 1954 act.

N. C. Department Gets Two New Actuaries

Two new assistant fire and casualty actuaries have joined the North Carolina department. They are C. E. King

of Cary, N.C., a graduate of Wake Forest, and Robert Holcombe, graduate of University of Wisconsin. They succeed Elmo Bunn, who resigned several months ago to enter the company field, and Willis Lachot Jr., who became an adjuster with Motors Ins. Corp.

Tells Methods Used in Combatting Inflation's Damage to Life Policies

WHITE SULPHUR SPRINGS—With inflation continuing as a world-wide menace, life companies throughout the world are giving close attention to procedures to combat its effect on their policies, Melvin L. Gold, associate actuary of Manhattan Life, said in a paper presented at the annual meeting here of Society of Actuaries.

"The effect on purchasing power of a rise in the cost of living from 100% to 200% is as destructive as a subsequent rise from 200% to infinity," he said. "Once money loses 50% of its value, there is only 50% more to go."

The chief proposals and experiments made thus far for meeting the problems of inflation in connection with life insurance were said by Mr. Gold to be the following:

- Reduction of expenses to the minimum.
- Investment of a greater share of company assets in equities, with some of the gains distributed to the policyholders.
- Direction of efforts to persuade policyholders to buy low reserve policy plans.
- Use of "index" policies, which benefit both company and policyholder in the event of inflation.
- Use of the variable life insurance policy.

One suggestion made at the 1954 International Congress of Actuaries was the insertion of a clause in policies in which the policyholder promises to keep his coverage up to date; if prices jump as much as 1,000% and no action is taken by the policyholder toward maintaining the level of his coverage, the company would have the right to terminate the policy.

A frequent suggestion, according to Mr. Gold, is the investment of a larger share of assets in common stocks, up to 15 or 20%. One actuary suggested that the investment in stocks and property be maintained at a level to produce income equal to the expense of management, which would meet one of the important areas where inflation hits, the cost of doing business.

"Index" policies were described as one of the measures actually put into operation in Europe, several countries now using variations of this idea. Austria, France, Belgium, Finland and Sweden were cited as having such experiments in use. One insurance approach, according to Mr. Gold, is to have the face amount of the policy increase, say 3% every year, in anticipation of an average amount of inflation. The premium could either be variable or level and even if level, the total annual premium would eventually rise 25 to 100%.

Security L. & A. Installs Data Processing Machine

Security Life & Accident has put into operation at its home office in Denver an IBM 650 electronic data processing machine, the first "electronic brain" to be installed by a Colorado corporation. The machine will be used to process and pay claims, process policyholder accounts, compensate the field force, analyze costs, accumulate statistics and perform many actuarial computations.

Preparation for the new equipment was started more than a year ago. Key personnel were trained in New York and Los Angeles and over 60 employees were trained at the home office. Rental cost of the machine is nearly \$5,000 a month.

Life Industry and SBA Confer on Lending to Small Business Firms

Representatives of the life insurance industry and officials of Small Business Administration conferred in Washington on the problems of financing small business.

The conference followed SBA's stepped-up activities in the small business lending field and was a further step in the agency's efforts to make additional credit available to owners of small businesses. The insurance representatives generally endorsed SBA's efforts in this field and expressed a desire to cooperate in every possible way.

They pointed out that the life companies have been active in this lending area within the limitations imposed by the long-range investment nature of the life insurance business and the requirements of state statutes regulating the financing services which the life companies can provide for small businesses.

The meeting was arranged through the joint efforts of American Life Convention and Life Insurance Assn. of America.

Attending the meeting were Ernest S. Allsopp, vice-president of Prudential; George K. Cavanaugh, financial vice-president of Jefferson Standard; George T. Conklin Jr., financial vice-president of Guardian Life; Thomas F. Murray, manager of the industrial properties division of Equitable Society; Richard D. Nelson, executive vice-president of New York Life; Wil-

liam L. Phillips, vice-president and manager of the securities investment department of Mutual Benefit Life, and Ralph G. Starke, assistant vice-president of Berkshire Life.

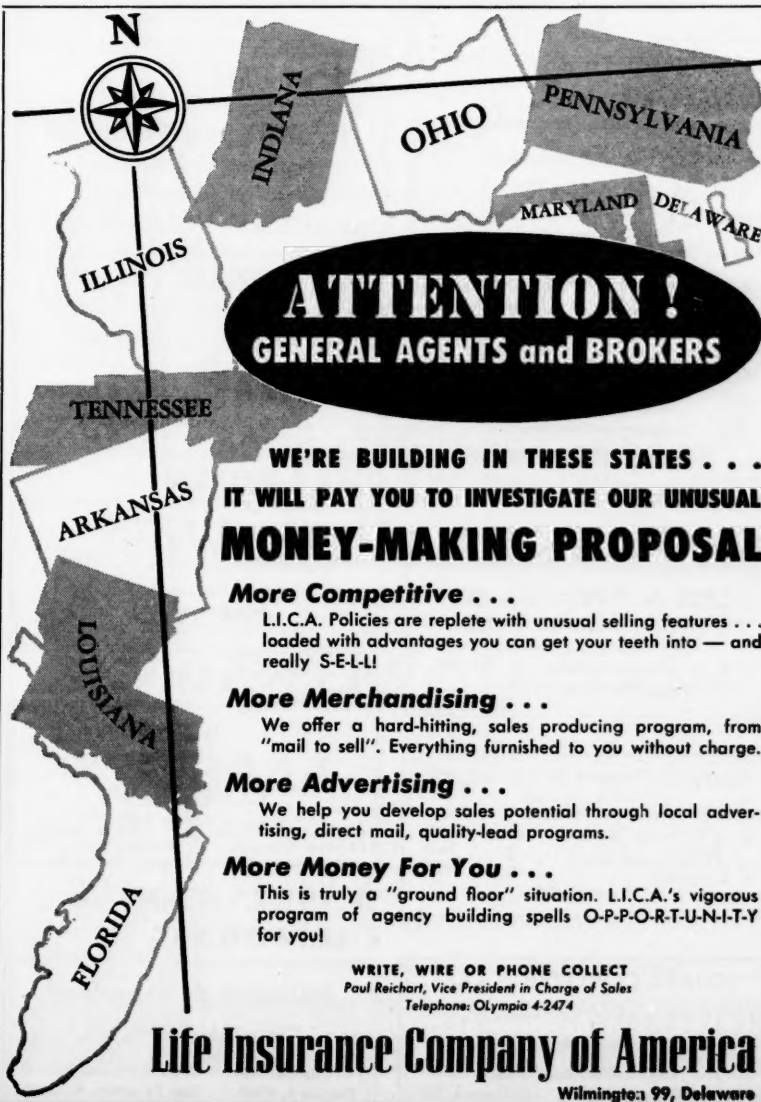
Also attending were Claris Adams, executive vice-president and general counsel of American Life Convention; E. M. Thore, general counsel, James J. O'Leary, director of investment research, and R. J. McNair, administrative assistant of Life Insurance Assn. of America.

Small business administration officials present included Robert Montchamant, chairman of the meeting; J. Frank Matchett, director of the office of financial assistance; Philip McCallum, deputy general counsel; Jules Abels, economic adviser, and George Luce, loan review committee.

Life Insurers Hold Half of U. S. Railroad Debt

Life companies now hold nearly one half of the entire funded debt of American railroads. At the end of 1955, for the eighth consecutive year, the investment portfolio of life companies in railroads showed an increase over the previous year, and at the end of 1955 stood at \$3,912,000,000. This was \$964 million more than the total 10 years ago and was an all-time high. The 1955 figure includes about \$45 million in Canadian railway bonds.

William Hunt, midwest superintendent of agencies for Phoenix Mutual Life, spoke on "Sure It's Tough" at the November dinner meeting of the Milwaukee Life Managers and General Agents Assn.



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Life Insurance Company of America
Wilmington 99, Delaware

LIAMA Panel Discusses 'Grass Roots' Training

(CONTINUED FROM PAGE 6)

of those things he should be doing. Mr. Tompkins said the report asks such questions as: "How many prospecting interviews have you conducted for him? How many have you seen him make? How many attempts to sell an interview have been made with him? How many interviews have you conducted for him? How many have you seen him conduct? How many policies have you seen him deliver?"

The speaker noted that quarterly

analyses of an agent's selling activity in terms of average-size policy, ratio of interviews to sales, etc., are prepared from the weekly work reports sent in. He said that when these analyses are sent to managers for discussion with their men, they are accompanied by comments on the supervising officer on where strengthening needs to take place, along with suggestions as to how to go about it.

He called appointment of a traveling

field training man "one of the most practical steps we have taken to get our managers to train and supervise." Classifying this man as a "training coordinator," Mr. Tompkins said he is able to do a selling job on each manager on why the various training steps are necessary and desirable and, where necessary, to show the manager how to do it.

Equitable of Iowa believes it is primarily the job of the home office to train and motivate the trainer rather than to train the agent directly, said J. Richard Ward, superintendent of agencies.

Mr. Ward outlined his company's philosophy of agency development as it applies to training: It is the responsibility of the home office to provide the general agent with a sound pattern for training; recruiting of new men should be geared to the individual general agent's ability and time to assimilate each man properly into his agency; training and supervision of each man should be properly balanced between home office and field to develop knowledge, attitudes, skills and habits and should be pointed toward the development of the "whole man"; training is a never-ending process and the general agent's primary responsibility is the continued training and development of his present agents to greater success.

Mr. Ward said his company feels progress is being made. He listed these conditions which he feels must be met if the general agent is to do an effective job of training: (1) the general agent must be thoroughly sold on the value of training (value to himself and to the agent); (2) he must have the knowledge, attitude and skills; (3) he must accept the fact that the job of training is his responsibility in the final analysis; (4) he must be willing to do the things that are necessary to train his men effectively and organize his time to do these things adequately; (5) he must follow training procedures that are reasonably compatible with company philosophy, practices and materials.

"Our first step with a general agent," Mr. Ward said, "is to bring him into the home office for a week of intensive orientation and initial training. Primary emphasis is placed on the development of an agency-building pattern conforming with company philosophy, with special emphasis on manpower development procedures and familiarization with company aids and materials."

The speaker described some of these specific aids and guides provided by his home office: *Trainer's Manual*, *General Agents' Planning and Supervision Manual*, and *Field Underwriter's Analysis and Guide with General Agent's Conference Manual*.

"Following the 1-week of orientation and training in the home office," Mr. Ward continued, "a member of the agency department training and supervisory staff devotes several days in the agency for the purpose of further training, assisting and stimulating the general agent in his training procedures."

"As a means of further training and motivating, we hold periodic general agents' conferences in which the major emphasis is placed on manpower building, not just recruiting." He explained that these conferences include home office workshops in which from eight to 12 newer general agents participate.

Four years ago Equitable introduced a *General Agents' Progress Analysis and Blueprint*, which is a means of

analyzing with each general agent every facet of his agency building procedures.

"All of our training emphasis is pointed toward the production of quality business," the speaker said.

Agreeing with Mr. Tompkins, Mr. Ward emphasized that it is important that the general agent be continually motivated and reminded of his responsibility in training his agents. In addition to the customary personal conference, personal letters, general letters to all general agents, Equitable of Iowa has "built-in motivators," according to Mr. Ward. He divided these into two classifications: "put 'em on the spot" and "incentive" types.

Three of the "put 'em on the spot" motivators the speaker described are records by which the home office keeps track of what the general agent is doing in the area of training. He described "incentive" motivators, dividing these into two classifications: money and satisfaction.

In the former category he mentioned the company's new contracts for general agents, which pay for successful development and stabilization of agency manpower, the development expense allowance formula, and the deposit by a general agent for each agent attending the home office career school and its refund contingent on the agents' performance after attending the school.

Under "satisfaction-type motivators" he included pride of accomplishment, leadership and recognition. He specifically listed his company's "master agency builder" designation, officership of the Organization Club, leading agency award, and conservation awards.

Commenting on the practical value Ward pointed out that total new business production has steadily increased over the past five years by a substantially greater percentage than our percentage of increase in total manpower, meaning that Equitable has realized a very favorable increase in production per man. Likewise, production from first-year men has steadily increased over the past five years by a substantially larger percentage than the increase in number of men recruited, so the average production per first-year man has also shown a very favorable increase.

Carl P. Lundy, Prudential director of field training, said that with effective tools and with a strong belief, the managers will want to do and can do an effective training job. He emphasized the importance of instilling in the manager belief in the value of training and developing his men.

Describing Prudential's system for training managers, Mr. Lundy said they attend a two weeks' management training program shortly after their appointment. At these sessions, a substantial amount of time is spent on the subject of training and developing men. Prudential offers each manager a special text to help him understand the company's attitude about the manager's ultimate responsibility for training his staff.

Mr. Lundy described the program of assistant manager development carried on in all district offices under the supervision of the manager. He said it consists of a continuing succession of discussion and workshop meetings in the district offices with the manager and his assistants. Each manager is given a meeting guide on each of 17 parts of the assistant manager's job and he selects the subject of greatest benefit to the district at that particular time.

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manager belief that this training of assistant manager is essential," Mr. Lundy said. He pointed out that need for supervision from the home office decreases in proportion to the manager's belief in the value of training.

While many phases of the manager's job (perhaps as much as 75%) are delegated to assistant managers, Mr. Lundy stressed that the ultimate responsibility for these jobs rests with the manager:

"We point out that if the manager will spend a reasonable amount of time in diligently training and developing his assistant managers, he will get better results in about 75% of the total job for which he, the manager, is responsible."

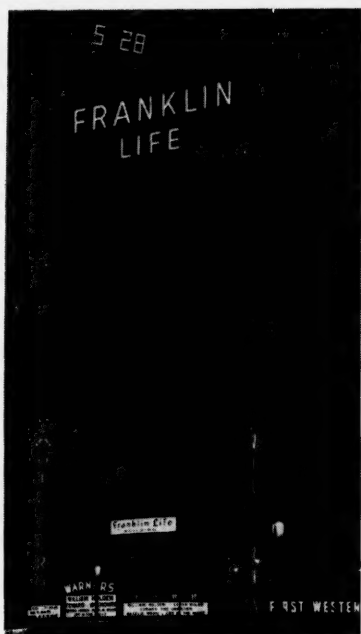
For the sake of record keeping and to show the manager that the home office is interested in this program, a system of supervision has been developed. The manager completes a simple form which tells the director of agencies the subject of the next agency meeting and when it will be held. The director has a form to record subjects covered by the districts. Thus at all times the director knows what subjects are soon to be discussed and what subjects have already been covered in each district.

Mr. Lundy discussed the home office practice of seeing to it that managers train and develop newly appointed agents.

"Here, too," he said, "we must establish the manager's belief in the value of such education and training. We point out that the manager's ultimate success with the agents depends largely on the quality and constancy of their education and training."

On the system of record keeping, which enables the director of agencies to supervise his managers, Mr. Lundy said: "By this method he can know the status of the development of each new agent in each agency at any time."

For further development of experienced agents, the company provides material and meeting guides for sessions within the district on advanced underwriting. Mr. Lundy said: "The manager is expected to hold such sessions with reasonable regularity. He is also asked to encourage his men to take part in CLU and LUTC activity and the company publication regularly lists the names of field men who



A giant rotating clock, designed to provide accurate time for air as well as surface travelers, has been placed in operation atop the Franklin Life Building at Wilshire boulevard and Western avenue in Los Angeles. Situated more than 175 feet above the ground, the large timepiece (two clocks back to back) rotates continually day and night. It is said to be the only one of its kind in the world and the largest clock on the west coast. It is 27 feet long and 14 feet high with illuminated numerals 8 feet tall. The clock has an electrically powered rotating mechanism equipped with a clutch arrangement that automatically changes gears to compensate for variations in wind pressure against the clock faces. The mechanism also automatically picks up any time lost due to power failure. More than 51,400 automobiles pass through the busy Wilshire-Western intersection every day.

have passed all or part of these courses."

Home Life of New York, a company that for 10 years has been providing initial new agent training in the home office, is now returning to the system of early training in the agency.

Describing this changeover, Vice-president John H. Evans said: "It will be the job of the manager or assistant manager to train and 'live' with the new man until he is on his way to success or until it has been clearly demonstrated that he is not the man for the business."

He pointed out that home office training will not be abandoned, but rather will be put off. Under the new system, he said, at the end of six months if the new man has attained stated goals in activity and production, he will go to the home office for a school "which can certainly be of a more advanced nature than the ones we have been running."

Mr. Evans expressed the hope that the new system will enable the company to gauge more accurately the effectiveness of training within the agencies.

"Men coming into the home office at the end of six months will represent an example of the effectiveness of the management of the agency in training and directing men," he said. "If these men have been getting poor training and direction it is going to show up in comparison with others from other agencies. At the end of a week, our sales department will have a good idea of the degree of effectiveness of training

and direction in all agencies represented in the school."

In discussing Home Life's former system, Mr. Evans said the initial training in the home office used to run for two weeks. He said this former system had served its purpose, which was "to raise the standard of training in all the agencies and to do in essence an indoctrination job with a new agent."

The purpose of the early home office training was to impart to the new man a sense of enthusiasm about his new connection, a feeling of being part of the company, and to put him in a trainable frame of mind.

"Observing that the company had successfully accomplished this purpose, Mr. Evans pointed to the danger that 'the early home office training may have been too successful from the

manager's standpoint. Perhaps our managers put too much confidence in the home office training. Some of them may have been tempted to rationalize that their returning men were now trained and ready to go into the field by themselves."

The speaker concluded that "we are perhaps overdue in passing the indoctrination and basic training part of our over-all training program back to the agency level where, in our estimation, it properly belongs and where it can be done most effectively and efficiently."

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COMPANY & AGENCY CHANGES

Prudential

Lyford M. Morris has been appointed a training consultant for the Los Angeles regional home office. He joined the company as special agent in San Francisco in 1949 and was promoted to division manager there two years later. Prior to his present appointment, Mr. Morris was at the Whittier, Cal. agency.

First Colony Life

Edward T. Kirkeby has been appointed agency assistant to Roy A. Foan, vice-president and director of agencies. At First Colony, Mr. Kirkeby will be directly responsible to Mr. Foan for the maintenance and expansion of agency relations, field promotion programs and operations in the group field. He has been associated with the New York City brokerage firm of Johnson & Higgins.

Equitable Society

Mrs. Louise Ilse has been appointed director of group sales research and communications at the home office. Mrs. Ilse, author of the book *Group Insurance and Employee Retirement Programs*, has been director of group information for Equitable Society. She is a director of General Studies Alumni Assn. of Columbia university.

Maine Fidelity Life

George H. Cummings, formerly with Continental Casualty and Central Standard Life becomes assistant director of agencies. His primary responsibility is for merchandising the eight A&S plans developed by Maine Fidelity.

Guardian Life

Kenneth J. Thornhill has been appointed assistant financial secretary. Before joining Guardian Life, he was assistant treasurer of Piedmont Financial Co. of New York City.

Philadelphia Life

Eugene F. Massey has been appointed treasurer to succeed the late James W. McDevitt. Mr. Massey started with

Philadelphia Life in 1923 as a junior clerk.

Connecticut General

Edward L. Parke and Robert B. Coppage have been named assistant managers at Newark and Cleveland, respectively. Connecticut General has also opened a new district office in Worcester, Mass., and has named James H. Bricker and David Prouty in charge.

Mr. Parke was previously a staff assistant at Syracuse. Mr. Coppage has been at the Cleveland agency. Mr. Bricker joined the company at Newark and has been assistant manager at Indianapolis and Philadelphia. Mr. Prouty has been an agent in Worcester since 1947.

Occidental Life of California

Two promotions have been made at the Kansas City branch of Occidental. James E. Firebaugh, formerly assistant brokerage manager, has been named assistant branch manager. E. P. Windsor has been appointed assistant brokerage manager to replace Mr. Firebaugh. Mr. Firebaugh has been in insurance since 1951, and Mr. Windsor has been an agent with Occidental in Kansas City since 1955.

Prudential

Floyd J. Hepler has been named district manager at Beaver Falls, Pa., succeeding Robert Fenwick, who retired. Mr. Hepler joined the company at New Kensington, Pa., in 1939 and has been a training consultant in regional headquarters at Pittsburgh.

Richard K. Swanson has been named manager of a newly-established district office in Council Bluffs, Ia., which will be headquarters for Prudential in southeastern Iowa. Mr. Swanson joined the company in Burlington in 1949 where he was promoted to staff manager in 1951. Since May he has been a training consultant.

Fidelity Mutual Life

George P. Grigg, brokerage supervisor, has been appointed brokerage

manager in the Arthur L. Sullivan agency at New York, effective Dec. 1. He entered life insurance in 1952 with Aetna Life at Newark. He joined Fidelity Mutual this year.

Mutual Benefit Life

Rudy T. Schlesinger Jr. has been appointed assistant to general agents at the Salinger-Wayne agency, New York. He had been manager of Security Mutual of Binghamton at New York before joining Mutual Benefit Life. Previously he was with Penn Mutual Life.

Great-West Life

L. E. Brannen, formerly branch manager, at Saskatoon, Sask., has been appointed superintendent of agencies at the Winnipeg home office. He has been succeeded as Saskatoon branch manager by Carl Spangenberg, formerly supervisor there. Mr. Brannen joined Great-West Life's Nova Scotia office in 1946 and served as district manager at Wolfville and branch supervisor at Halifax prior to his appointment in Saskatoon in 1954. Mr. Spangenberg, an agent at Saskatoon, was appointed supervisor there last year.

John Hancock

Terhune Agency, Inc., 2203 Empire State building, New York City, has been appointed as a new agency. Officers are Frank Schiff, president, H. C. Heller and E. C. Healy, vice-presidents. All are executives with Schiff Terhune & Co., New York brokers.

Pan-American Life

Eddie V. Hodges has been named general agent at Abilene, Tex. He started in insurance with General American Life in 1953 and had been an agent for that company until he joined Pan-American.



L. E. Brannen

S. F. Panel Stresses Careful Buy and Sell, Will Planning

Paying close attention to wills and buy and sell agreements to avoid conflicts, confusion and excessive taxes was emphasized at the first annual Estate Planners Day last week sponsored by San Francisco chapter of CLU in cooperation with the University of California school of business administration and extension division.

The panel, which discussed phases of estate planning and tax control, consisted of Samuel L. Zeigen, general agent Provident Mutual Life; Charles Whitehead, tax accountant with Haskins & Sells; Samuel L. Taylor, tax attorney; and Francis E. Whitmer, vice-president and trust officer American Trust Co.

Panel members agreed that under present day conditions, trends and changes, will and buy and sell agreements should be reexamined after reasonable periods to avoid conflicts and confusion when death occurs after tax and other conditions have changed.

Mr. Zeigen said that the purpose of the discussion was not to find a way to dodge paying legitimate taxes but to control taxes legally in order to conserve an estate. He said that there is a right and a wrong way to leave an estate, and, in his opinion, it is the duty of an attorney and trust company to solicit this type of business when they believe that changes should be made. In most cases, the client will not call on the attorney, accountant, trust officer and life agent, but the services of each is needed.

Mr. Whitehead, in discussing the widow's situation in sole proprietor or partnership agreements, said the widow would have few complications in a sole proprietor agreement in which the husband has left his share to her. However, in a partnership, care should be taken to avoid post-death contingencies, and where there is no buy and sell agreement, Mr. Whitehead advised that agents try to bring one about. He said there are many ways in family partnerships in which taxes may be controlled by pre-death transfers, profits and income.

Importance of valuations on estate properties and of properly prepared wills which project a determination of the many possible contingencies was stressed by Mr. Taylor. Liquidation of closed corporations, he said, is the worst way to settle the after-death estate problem. He suggested that such companies, if confused over the next step to take, should merge with another corporation and that this merger should be decided upon before the subject dies. He also cautioned agents who contract cross-purchase and entity plans to have a lawyer analyze all phases of these and government regulations. These can result not only in confusion but in an expensive situation with heavy taxes that can affect the solvency of a company.

Mr. Whitmer said that the first interest of the corporate trustee is to protect the estate's assets. He also stressed the importance of periodical will re-evaluations and cited cases in which the will had been prepared years before the testator's death, later resulting in many additional problems.

Texas Home Office Life Underwriters Assn. heard William I. Kent, manager of the safety department of Magnolia Petroleum Co., discuss occupational hazards in the oil fields at the monthly meeting in Dallas.

RECORDS

GENERAL AMERICAN LIFE—Life volume written in the recent 6-week sales campaign totaled \$27,051,452, which was 10.3% more than the record figures set earlier this year. Equivalent volume of \$36,017,778 also beat the previous high by 24%. "Star reporter" designations were won by 184 agents for writing \$50,000 or more in equivalent volume. Six agencies wrote \$1 million or more in ordinary. The paid deadline for the campaign is Dec. 15, coinciding with the date set for attaining the \$110 million goal for 1956.

GUARANTEE MUTUAL LIFE, now in the midst of building a new home office on the western outskirts of Omaha, recently accumulated \$100 million in assets. Insurance in force now stands at \$377 million and the field force is writing new life business at a rate which will exceed \$50 million for 1956. During the past 10 years the company has grown more in strength and sales volume than it did during the first 45 years of its history which began in 1901. The company added A&S to its policy portfolio in 1948.

OLD LINE LIFE OF MILWAUKEE—Life sales in the first nine months totaled \$17,841,376, up 69%. Insurance in force rose \$10.5 million to reach a record \$182,133,138. Total admitted assets were \$56,140,217, gaining \$455,500 in the third quarter and \$1,601,154 in the first nine months. Premium income in the third quarter totaled \$1,074,931, bringing the 9-month total to \$3,402,215.

Craig agency of Northwestern Mutual Life, Milwaukee, set a new company record in October with sales of individual life insurance totalling \$1,550,000. It is the largest amount sold to individuals by a single agent during any one month in the 99-year history of the company.

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Tegtmeyer Sees Cancer, Heart Research Solving Underwriting Problems

Advances in the field of biochemistry, plus the potentials of isotope investigation and therapy, lead to the belief that the cause of cancer may be found in the very near future. Dr. Gamber F. Tegtmeyer, medical director of Northwestern Mutual, said in a paper presented by the U. S. delegation to the 8-day hemispheric insurance conference at Buenos Aires.

With the discovery of cancer's cause, its treatment no longer will be empirical, but specific, thus solving another serious problem for life underwriters, Dr. Tegtmeyer wrote. It would have seemed preposterous 20 years ago to suggest to an underwriter that brain tumors could be insured. But 20 years from now, people may stand aghast at the accomplishments that have been made.

Attempts are being made to define the significance of suspicious history, enabling underwriters to separate, at least partially, the benign chest pains from the significant, Dr. Tegtmeyer said. The growing interest in the fatty substances in the blood bring attention to the dangers of excess weight, an impairment long under suspicion by underwriters. This research opens new possibilities for the proper classification of risks and may lead to new tools for searching out persons destined for early coronary deaths. What part isotopes will play in diagnosis and treatment of cardiovascular disease is still largely unexplored. It is very possible that medical science stands on the threshold of another great advance which may entirely revolutionize the underwriting principles now followed.

Medical science, through advances in medical and surgical care, has justified the faith which daring underwriters had in accepting risks before statistical study has established safety, Dr. Tegtmeyer said. Underwriters have seen only the beginning of tremendous changes that medical science will bring, and they must be ready to adopt advances in the science of underwriting in order to offer life insurance to all who wish to buy. The title of Dr. Tegtmeyer's paper was "Medical Science Applied to Life Insurance Underwriting."

Victor C. D'Unger, reinsurance secretary of Lincoln National Life, presented a paper on "Taxation of Life Insurance Companies in the United States." Assuming that life companies should pay some tax for expenses incurred by the states in supervising the industry and that policyholders should pay for the benefits they receive from such supervision, he said, the problem is to find an equitable formula for the taxation.

"Clearly we as well as you have permitted our governments to go far beyond the theory that the life companies and their policyholders should pay only for benefits received," Mr. D'Unger said. "In our case the tax on premium income is no longer a service tax on premiums but an income tax to increase the revenue of the state government."

Legislators in many countries frequently misunderstand the relatively huge assets accumulated by life companies and tend to overlook the tremendous reserves that appear in the liability column of the balance sheet. For the greater part, these reserves represent the accumulated savings of the public which may not be spent

for taxes or anything else, but must be invested with the utmost care so that the proceeds will permit fulfillment of the insurance contracts, he wrote.

W. H. Trentman, president of Occidental Life of Raleigh, spoke on "Life Insurance Dollars in the Economy." On the basis of past performance, it is reasonable to expect that life insurance in force in the U. S. may exceed \$750 billion by 1965, with \$12,000 coverage per family. This will be accompanied by a great increase in funds available for investment by life companies. Life insurance dollars probably will assume an even more important position as a source of capital than they hold now. They will play a vital part in the transition to the age of atomic power, sun power, domestic use of sea water and many other great developments foreseen by researchers.

Life insurance is well developed as an important financing channel in the capital structure in the U. S. In other countries where the business is younger, its role has not attained as much importance. But the same potential can be seen everywhere, Mr. Trentman said.

Torrance Named to BMA Board; Succeeds Father

Grant Torrance, vice-president and treasurer of Business Men's Assurance since 1948, has been elected to the board to fill the vacancy created by the recent death of his father, J. H. Torrance, who had been vice-chairman of the board since 1947 and a director since 1911.

The younger Mr. Torrance joined the sales department in 1932 and transferred to the investment department in 1935. He became treasurer in 1939. He is past chairman of the financial section of American Life Convention, a member of the investment research committee of Life Insurance Assn. of America and a director of Kansas City Title Insurance Co.

POLICIES

Occidental Life Writing Non-cancellable Total Disability with Increased Benefits

Non-cancellable total disability coverage which offers a newly increased benefit of \$20 a month for each \$1,000 of life insurance has been added to Occidental Life of California's life program. Except for the term insurance restriction in some states, the non-cancellable coverage is available nationally to age 55 in all plans. The protection offers a life-time benefit and can be issued to a maximum of \$500 monthly, with a participation limit of \$600 monthly, with a 50% decrease in benefit at age 60.

Occidental also is now writing a family income rider providing \$30 a month for each \$1,000 of basic insurance. Appended to a permanent plan of insurance, the new rider offers coverage for periods from 10 to 50 years.

Another change by Occidental was the recent institution of the pre-authorized check plan.

Mass. Mutual Boosts Discount on Premiums

Massachusetts Mutual has increased from 2½% to 3% per annum, compounded annually, the rate of interest used to determine the discount allowed when premiums are paid in advance. The more favorable return on new investments has made this liberalization possible.

Guaranteed issue underwriting in connection with pension and profit sharing plans has been extended to accept groups of 10 to 24 lives in qualified cases. The company has been insuring groups of 25 or more in plans of this type on a guaranteed basis since 1955.

The waiver of premiums provision on female lives has been liberalized to provide coverage to age 60. The maximum issue age has been extended to

55, making this provision available at ages 10 to 55, inclusive.

Republic National Introduces New Contract

Republic National Life is introducing a new contract, called the V.I.P. plan, which is an endowment at 90 on a participating basis. It derives its name from the slogan, "A Very Important Plan for Very Important People." The new contract is a \$25,000 minimum life policy featuring low new costs, first year cash values and second year dividends. It is recommended particularly as a loan plan, split dollar purchase, as deferred compensation, or as a gift to children or grandchildren.

N. Y. Preferred-Stock Rule To Bind Foreign Insurers' Future Acts

NEW YORK—The New York department has announced that foreign stock insurers as well as domestic companies will be subject to the department's rules governing issuance of preferred stock in the future. The rules have always been applicable to out-of-state insurers but until the present announcement actions were sometimes taken without the department having had a chance to pass on them.

As the result of an opinion from the department's chief counsel, Superintendent Holz adopted this ruling—

"The charter or amendment to the charter of a domestic insurer which authorizes preferred stock and contains a provision that (A) the holders of such stock shall enjoy any privilege other than a preference in liquidation, or (B) dividends on such stock may be paid out of other than earned surplus, or (C) dividends on such stock shall be cumulative, or (D) the dividends yield shall be in excess of 6% is prejudicial to the corporation's policyholders unless used as a necessary rehabilitation measure, and therefore such an instrument will not hereafter receive the required approval of this department."



THE EXECUTIVE, PROGRAM AND NOMINATING COMMITTEES of the 1957 Million Dollar Round Table met recently at Chicago to formulate plans in connection with the 1957 annual meeting, scheduled for June 30-July 3 at the Greenbrier hotel, White Sulphur Springs, W. Va. Those shown in the picture, unless otherwise designated, are members of the program committee. Reading from left, clockwise around the table: Gerald W. Page, Provident Mutual, Los Angeles, nominating committee; Julian D. Walter, Northwestern Mutual, Chattanooga; David W. Ashley, Northwestern National, Fort Worth; R. Edwin Wood, Phoenix Mutual, San Francisco; Nate Kaufman, Indianapolis Life, Shelbyville, Ind.; Andrew J. Elder, London Life, Toronto; C. Rigdon Robb, Northwestern Mutual, Chicago; Clarence E. Smith, Northwestern Mutual, Chicago, nominating committee; Robert S. Albritton, Provident Mutual, Los Angeles, executive committee; Arthur F. Priebe, Penn Mutual, Rockford, Ill., member and immediate past chairman of the executive committee and chairman of the nominating committee; William D. Davidson, Equitable Society, Chicago, vice-chairman of the executive committee and chairman of the program committee; Howard D. Goldman, Northwestern Mutual Life, Richmond, chairman of the executive committee and a member of the nominating committee; Adon N. Smith II, Northwestern Mutual, Charlotte, N. C., executive committee; Herman C. Edwards, Equitable Society, Chicago; George B. Byrnes, New England Life, New York City, nominating committee and a past chairman of the executive committee; J. Welldon Currie, New England Life, Miami; Kenneth R. Mackenzie, New England Life, Boston; Bernard H. Zais, Connecticut Mutual, Burlington, Vt., vice-chairman of the program committee; William L. McKechney, Northwestern Mutual, Chicago, vice-chairman of the program committee; and Richard J. Katz, Massachusetts Mutual, Rochester, N. Y.

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Would Bar A&S Age, Conversion Limits in N. Y.

(CONTINUED FROM PAGE 1)

panies terminate coverage on many of their policies at age 55, 60 or 65.

• "Those insurance companies that do provide benefits for older-aged employees cut the benefits when the individual reaches a specified age, like age 55, 60 or 65.

• "Approximately 50% of the premiums paid to the insurance companies studied for individual hospitalization and medical insurance policies, was used to pay benefits. These insurance companies received a total of \$9,989,633 in 1955 as indicated in reports submitted to the New York department."

With respect to group A&S, which includes hospitalization and medical benefits, the insurance companies studied by the committee paid out 73.4% of the premiums earned in 1955, in benefit payments. The premiums received by these insurers for group in that year totaled \$139,025,002. In addition, the group policyholders received a return of varying amounts of dividend refunds when the claims experience in the groups was favorable.

With respect to group hospitalization and medical care insurance, the study revealed that there were "serious gaps" in this form of insurance, as well:

• "A number of insurance companies do not permit the employee to convert his group hospitalization and medical insurance to an individual basis, when the employee leaves a group.

• "In those instances where the insurance contract does provide for a conversion privilege, the employee is frequently not notified of his right to convert.

• "Even in instances where there is a conversion privilege, and the employee does convert from a group to an individual policy arrangement, benefits are frequently limited, reduced or completely terminated when the individual policyholder reaches a specified age, like 60 or 65. In these instances, too, a number of insurance companies have the right to cancel the individual policies on the basis of excessive claims and for other reasons.

The committee studies also reviewed the practices of non-profit plans like Blue Cross, Blue Shield, Health Insurance Plan of Greater New York and Group Health Insurance, Inc. With respect to these carriers it was pointed out that "although usually the policyholder is technically vulnerable, in actual practice gaps in coverage were not as extensive as those found with the insurance companies.

Specifically, the reports submitted to the committee by the plans showed:

• "None of the non-profit plans terminated coverage on the basis of age, in 1955. Once coverage is secured it may be retained for life.

• "In 1955 no contract was cancelled or not renewed except for fraud, nonpayment of premium or concurrent coverage with another insurance company.

• "With respect to the group contracts, no limitations were reported by the nonprofit plans on the right of an employee to convert to an individual policy when he leaves the group.

Twelve of the 15 nonprofit plans reporting to the committee indicated that the employee is regularly notified that he has conversion rights at the time he leaves the group. One plan does not notify the employee. One plan usually notifies him and one plan did not reply to the question. With one exception, all of the plans reduce conversion benefits to the basic contract of the plan. These converted policies cost the subscriber from 1.3% more to 50.8% more depending upon the plan and type of contract.

• "With respect to nonprofit hospital and medical plans, 82.6% of the premiums for individual and group hospitalization and medical care insurance was used in benefit payments and refunds to policyholders. For the year 1955, the nonprofit plans studied received a total of \$22,658,398 in premiums, as reported to the New York department. Varying amounts of refunds, in addition to benefit payments, were given back by the nonprofit plans to groups where the claims experience of those groups was favorable.

In announcing the preliminary findings of the joint legislative committee on health insurance plans, Sen. Metcalf said: "The study which has been undertaken is part of a broad examination of gaps in group and individual health insurance as authorized by a joint resolution of the senate and assembly last spring. In the course of the study, conferences were held with representatives of the insurance industry and nonprofit plans."

"After the public hearing the committee will decide what precise legislative proposals should be put before the coming session of the legislature, in order to plug up the gaps in the various kinds of health insurance now available to the people in the state of New York.

Sen. Metcalf also said: "It is not the purpose of the study which was undertaken to castigate any organization offering health insurance in this state. Rather do we seek to point out the obvious shortcomings in the various types of hospital and medical care insurance available, with a view toward enlisting the assistance of the insurance industry and nonprofit so that better and more comprehensive health insurance will be available, on a voluntary basis.

Stresses Importance of Newest Man in Agency

"The Most Important Man in Your Agency" was the title of a talk given by William G. Henry, manager of Northwestern National at Dallas, to San Antonio Life Managers Club.

This man, said Mr. Henry, is the newest man in the agency. He is one who probably has been taken from a salaried job where the work was brought to him for processing. He may be somewhat apprehensive about his new job, where a new way of life with greater financial opportunity has been promised.

The agency manager's most difficult work is to turn a processing worker into a creative worker, putting together all phases of the agent's job, Mr. Henry said. The new man should be put at ease, given an explanation of his immediate duties and sent to the company school before his field training begins.

American Fidelity Life has been chartered in Louisiana. Headquarters are in New Orleans. Capital is \$100,000.

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PUBLISHING THE NEWS

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How does it perform the important function of gathering and circulating the *news*? The factual, unexaggerated answer to that question is, "More thoroughly, painstakingly, knowingly and in greater detail than any other paper in the field." We are referring to *news* coverage, not articles, or features, or write-ups.

With ten editors, The National Underwriter has more staff members in attendance at more conventions and meetings than any other paper, and by a wide margin. It is not at all uncommon for The National Underwriter to be the only insurance newspaper with an editor present at an important insurance gathering.

Because of the size and capability of our editorial and news gathering staff, it follows logically that The National Underwriter publishes more items about more events and more people in more parts of the country than are to be found in any other insurance publication. And even though there is a lot of it, it is skillfully edited for quick, easy reading. As an insurance *news*-paper, it is pre-eminent in its field.

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